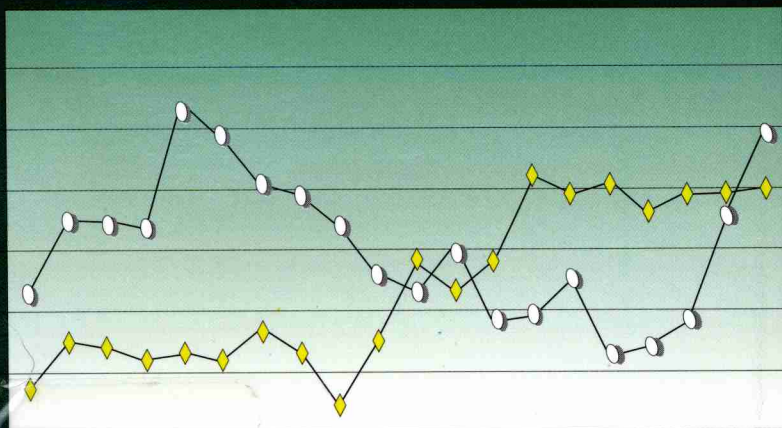


PUBLIC EXPENDITURE AND SOCIAL DEVELOPMENT IN BANGLADESH



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PUBLIC EXPENDITURE AND SOCIAL DEVELOPMENT IN BANGLADESH

**Omar Haider Chowdhury
Binayak Sen**

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Foreword

In Bangladesh, explicit focus on poverty eradication in the development agenda requires formulation and implementation of sustainable anti-poverty strategies. The availability of reliable and timely information on the state and processes of poverty assists the policy makers in understanding poverty in its manifold dimensions and in identifying the causalities. The above requires institutional mechanism to (i) monitor poverty using multidimensional indicators; (ii) analyze micro impact of macroeconomic and structural adjustment policies; (iii) provide feedback to the policy makers in designing effective macro and poverty reduction policies.

CIRDAP, with assistance from the International Development Research Centre (IDRC), Canada and the Canadian International Development Agency (CIDA) initiated a project on 'Monitoring Adjustment and Poverty (MAP)' in Bangladesh to address the above issues. Under the project, a number of 'focus studies' were conducted on poverty related issues. These studies generate information on the nature and conduits through which macro-policies create impact at the micro level along with providing relevant information on poverty.

The present study on 'Public Expenditure and Social Development in Bangladesh' analyses the issues in social development with focus on poverty in order to promote poverty alleviating public interventions and enhance the 'social' income of the poor. The study highlights, among others, the mechanisms to promote market based growth with equity in Bangladesh. The conclusions of the study suggest specific policy concerns needed to channelize government expenditures on social sectors and anti-poverty programmes through the local bodies.

Foreword

I hope the study will be useful to the policy makers and experts in the area. I would like to thank Dr. O. H. Chowdhury, Research Director, and Dr. Binayak Sen, Senior Research Fellow of the Bangladesh Institute of Development Studies (BIDS), Dhaka, the researchers of the study, for their excellent work. I also thank Dr. Mustafa K. Mujeri, Director Research, CIRDAP who guided and coordinated the project and other staff of CIRDAP Research Division for their efforts in successfully completing the study. I express my gratitude to Dr. Rohinton Medhora, Senior Specialist of IDRC for his active interest in the project and to IDRC and CIDA for providing financial support for the project.

October 1998

A.V.S. Reddy
Director General

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Executive Summary

Poverty connotes "a deprivation in relation to social standard, or lack of minimum entitlements of households in society". It is the sustained inability of a household to meet its minimum basic needs and is a direct consequence of inequitable access to basic services, productive assets and economic opportunities. Poverty is not created by the poor themselves nor is it sustained by them. It has its roots in social and economic system which has very little or ineffective programmes to alleviate it. Poverty by its very nature, cannot be eliminated with ad-hoc measures, one must look for long term economic measures when addressing the problem. Bangladesh, with a per capita income of US\$ 273 in 1996, is one of the poorest countries of the world. Low income, coupled with its unequal distribution, has resulted in high incidence of poverty. About half of the population are estimated to suffer from abject poverty. The severity of poverty also varies in the context of geographic location, seasonal and natural factors and man made calamities and, within households, the burden of poverty falls disproportionately on the female members and the younger children.

It is argued that poverty is essentially a problem of market failure. Hence, the problem of eradicating poverty falls in the realm of public policy. But in a world committed to the process of globalization, the role of the government is expected to shrink. Bangladesh is no exception. Its economy has increasingly become market oriented and dominated by the private sector by early 1990s compared to that in early 1970s when it was primarily a centrally controlled economy dominated by the public sector. Yet, the share of public expenditure in GDP, an indicator of the influence of the State in the overall economy, has in general been increasing. In other words, though direct intervention by the government and its share in the ownership of the means of production has decreased dramatically, the use of resources by the government has nonetheless increased. Thus, the government's ability to use resources according to non-market criteria has not been hindered by the adoption of market oriented economic policies. In fact,

Executive Summary

it is found that the share of expenditure that is expected to have favourable impact on poverty reduction has been going up while the overall share of public expenditure in GDP has also been rising since the early 1980s. That is, absolute expenditure on areas that favours reduction of poverty has been rising rapidly. However, empirical findings on the incidence of poverty do not indicate any substantial success in reducing poverty.

The planning and budgeting in Bangladesh are undertaken by the Planning Commission under the Ministry of Planning and by the Ministry of Finance. The budget is head based. The revenue and development budgets for a particular sector are physically separated. Moreover, the sector classifications are not themselves always common. The development budget is merely one of a series of overlapping documents in different formats: Annual Development Programme (ADP), three year rolling investment programme, summary of the development budget, and the detailed budget. These documents are not integrated. There is a multiplicity of sectors/bodies involved in the production of the ADP.

The non development budget prepared by the Ministry of Finance, and the ADP, prepared by the Planning Commission, are parallel tasks. The ADP prepared by the Planning Commission is translated into a Demand for Grants by the Ministry of Finance. There are inconsistencies between the ADP and the development budget that is produced from it, together with confusion over definitions of revenue and capital costs under the development budget. Despite the ADP being sector based and the development budget being head based, these two documents are largely a duplication of efforts. More importantly, the expenditure categorization does not conform to standard international classifications. For example, the revenue capital categorization tends to get confused between non-development and development categorization yielding distorted picture about the nature of public expenditure and its impact on the economy. It would be more meaningful if the budget could be redefined to exclude recurrent costs

in ADP while categorizing development expenditures and including from the non-development budget non-wage O&M as also the recurrent expenditures on social sectors such as health, education, family planning etc. Thus, to make any meaningful analysis of the impact of public expenditure in Bangladesh the existing data set need to be reorganized.

As in many developing countries, the experience of the central government in Bangladesh in using national resources effectively for development purposes has not been encouraging. It has become increasingly clear that the participation of the beneficiaries at various stages of project implementation is essential for ensuring that benefits of the poverty alleviating projects are reaped primarily by the target groups and are sustained. Community participation can be institutionalized through broadened community organizations. This is usually the missing link between the providers (the government) and the people, that is the delivery mechanisms and the beneficiaries. It is this institutional vacuum at the local level that primarily leads to the diversion of resources meant for the poor when it is delivered through the government agents controlled primarily from the centre as it cannot communicate with the unorganized poor. It is argued that local level bodies being closer to the people, are in a better position to foster participatory mode of development. Bangladesh has a long history of local level institutions. But the procedures through which decisions about fiscal rights and spending responsibilities of these institutions have been established meant that they were nothing more than an expanded arm of the central government. The recent trend is to elect the representatives at the local levels increasingly through direct elections. In other words, the vacuum in political leadership at the local level is being gradually filled up.

The development of the local government in this country brings in the concept of "devolution" vis-a-vis "deconcentration" of decision making power into sharp focus. The history of the development of local level institutions in Bangladesh reveals that there has been frequent

Executive Summary

changes in the tiers and importance of various levels of local level institutions in the overall system. Since independence of the country, changes in the government have been followed by changes in various aspects of the local level bodies. These changes included such fundamental aspects as the representative nature of the system. During different regimes, alternative levels of government were identified as the focal points of the system. Attaching such importance to any level of the government defeats the very purpose of having independent tiers of the government bodies. Changes in the functions and responsibilities at various levels along with powers to raise revenues were also enacted. All these changes were introduced by enacting laws in a very arbitrary manner. Very little, if any, justifications were ever provided for making such sweeping changes. Recently, the government has passed a bill to establish four tiers of local government institutions at the village, union, upazila and zila levels. Each of the local levels will have well-defined functions and the office bearers would be elected directly. Thus, elected representatives would be able to address the problems of local leadership over time as they gain experience in running the affairs of the local bodies they are elected of. The experience in Bangladesh, however, shows that the local bodies in the past were assigned to carry out various functions and responsibilities. In reality, only a few basic functions were, in general, carried out due to paucity of manpower and, most importantly, finance. If the local authority does not have any fiscal independence, then there would be no point in having any kind of politically elected local authority. In such circumstances, by definition the elected representatives would have no effective power and the local bodies would remain as an extended arm of the central government.

Local governments, since their inception, have never been able to finance themselves from locally raised resources. The revenue generated by the local governments in Bangladesh is less than 3 per cent of total tax revenues compared to 20 per cent in India and 14 per cent in Sri Lanka. Union Parishads had to depend on government grants even when they were empowered to collect revenues from 14

items according to Basic Democracy Act, 1959. One survey showed that Union Parishads could collect taxes from 3 to 4 sources in 1976 though they could have raised taxes from 14 items. According to the survey, the Union Parishads became financially so weak after restricting their power to raise taxes from 28 to 6 (1976 Ordinance) in 1976 that they could not even meet the expenses on account of salaries of their employees. A sample survey showed that the magnitude of taxes, lease money, tolls, fees etc. collected by the Upazila Parishads never exceeded 5 per cent of the total receipts of Upazila Parishads in any year since 1982-83, i.e., the year they were created. The UZPs and the UPs could hardly contribute to development activities from their own incomes. Thus it appears that the local bodies are overwhelmingly dependent on the central government for running their affairs.

If the local authority has no fiscal independence and no authority over the types and levels of local services to be delivered, then the local authorities would become simply an administrative arm of the central government financed by the central government and required to carry out the specific functions designated by the central government. It does not make any difference, in such circumstances, whether the local level officials are elected or not. On the other hand, absolute autonomy of the local bodies over their own tax and expenditure policies is also not feasible. For example, if both the central and the local authorities levy an income tax, both the total burden and the marginal rates would be the outcome of their independent policies, and marginal tax rates of more than 100 per cent would become plausible. Thus, complete independence in revenue raising is also not a practical possibility, particularly in the case of unitary states. Thus, both the polar cases are not realistic solutions for functioning of autonomous local level institutions. In reality, there would be conflicting views regarding the revenue raising potential of the taxes the central government is willing to cede to local authorities, and the cost of delivering the services that the central government postulates that the local authorities should provide.

Executive Summary

In fact, the procedures through which decisions about fiscal rights and spending responsibilities are established is crucial for establishing an appropriate relationship between the centre and the local bodies that is neither hierarchical nor totally independent but mutually reinforcing for effective utilization of national resources. In other words, a participatory mode of development would suggest that the representatives of the local bodies should have a say in such a decision making process. However, given the experience of local bodies in Bangladesh it is apparent that grants-in-aid will remain a part of the central/local financing arrangements for quite some time into the future. Then the important question would be how to determine the size of the grant to the local bodies.

The local bodies in Bangladesh are provided with a general grant based on certain criteria such as size of the population and per capita income. The expenditure pattern (i.e. the share of expenditure to different services) is also mostly fixed. Thus the general grant, as is provided to the local bodies in Bangladesh, augment resources for providing services as delineated by the central government. In this case, the local bodies neither have the autonomy to decide what services to generate nor do they have the resources to provide the services they would like to provide. The size of the grant is determined by some measures of need (for example, size of the population or per capita income) or fiscal capacity. On the other hand, grants can be made conditional whose purpose is to stimulate the local activities or provision of services which are considered desirable. Thus, expenditures which contribute towards reducing poverty would be encouraged. Hence, central government expenditures on social sectors and anti-poverty programmes may be channeled through the local bodies on the condition that they would match such grants from the central government by expenditures from their own resources. This will stimulate expenditures in sectors which directly and/or indirectly contribute towards reducing poverty. The general grant provides local authorities with additional resources, but gives them autonomy in service provision within the general framework of their legal

obligations, since qualification for grant does not depend upon the delivery of any specific service. Conditional grants, in contrast, take the form of a payment towards the cost of providing a particular local service. As a consequence, unlike the general grant, conditional grants alter the opportunity costs of local authorities. For example, when the government provides a matching grant to the local body for providing a service (for example, education) then it acts as an incentive for the local bodies to spend more on that service either by reducing expenditure elsewhere, or by raising more revenues. Thus, not only more resources are made available for delivering the desirable services but the possibility of such resources being more effectively used is enhanced as it is implemented by local level institutions which have more intimate relationship with the local people.

1. Introduction

Bangladesh, with a per capita income of US\$ 273 in 1996, is one of the poorest countries of the world. Low income, coupled with its unequal distribution, has resulted in high incidence of poverty. With a population of 111.4 million, according to the 1991 Population Census, it is the eighth largest country of the world. About half of the population are estimated to suffer from abject poverty. Its ranking, according to various indicators of human development, is also low. In fact, it ranks 144th among the 175 countries of the world in terms of the human development indicator (UNDP, 1997).

Poverty is a complex process of multi-dimensional nature. Its impact on human conditions appears in diverse form of material and non-material deprivation. The severity of poverty also varies in the context of geographic location, seasonal and natural factors and man made calamities and, within households, the burden of poverty falls disproportionately on the female members and the younger children.

The eradication of poverty continues to remain an elusive goal for all the governments since the inception of the country in 1971. The government wants to "realize the dream of Golden Bengal by providing the basic needs of the people such as food, clothing, shelter, education, medical facilities and a clean and safe environment" (Budget speech of the Finance Minister, 1996, Part-1, p. 8). The role of the government in the economy has gone through a dramatic change during the last quarter of the century. The economic system has been transformed into a market economy dominated by the private sector by mid-1990s from a planned economy dominated by the public sector in the early 1970s (Chowdhury, 1996). But the market is not an appropriate institution for fulfilling the needs of the people who are not adequately backed up by purchasing power (effective demand). "The market is an institution of alienation both in the sense of being a medium of transfer of ownership, and in the more complex - and more important - sense of being governed, in its transferring role, by any

Introduction

direct consideration for the well-being or needs of the people involved - only by their respective ability to pay and thus by relative wealth. As an alienated institution, the market is neither hostile nor friendly, simply detached and cold. It could feed the process of a famine, but it could also assist the prevention of one. Since the market does not care which of the two it does, somebody else has to care" (Sen, 1995). In other words, the government will have to play the caring role in this case.

2. Trends in Public Expenditure

The economic system of Bangladesh has moved towards a market economy dominated by the private sector by the mid 1990s from a planned economy dominated by the public sector in the early 1970s. But a market economy cannot operate in a vacuum. The existence of an effective government is a pre-condition for the proper functioning of a free market economy. Otherwise, "chaos" will prevail (Buchanan, 1970, p. 3). Indeed, "state is essential to the functioning of a modern economy - to prevent such 'chaos' developing by legitimizing property rights, by controlling monetary and financial operations, by regulating economic activities etc." (Atkinson and Stiglitz, 1980, p. 9). Thus the government will have to perform some functions irrespective of the form of the economic system.

The functions that the government has to perform under alternative economic systems lead to the provision of certain goods and services to its citizens. It does not necessarily mean that such goods and services will have to be produced by the government itself. A transition to a market economy may lead to an increase in the use of resources by the government that are allocated on non-market criteria while, at the same time, its direct involvement in terms of owning and/or managing various factors of production decline.

The Data

National budgets are produced in varying formats in different countries but all contain provisions for both development and revenue incomes and expenditures either in totally integrated statements or separately. In Bangladesh, they are presented separately. The planning and budgeting in the country are undertaken by the Planning Commission under the Ministry of Planning and by the Ministry of Finance.

The budget is head based. The revenue and development budgets for a particular sector are physically separated. Moreover, the sector

classifications are not themselves always common. The development budget is merely one of a series of overlapping documents in different formats: Annual Development Programme (ADP), three year rolling investment programme, summary of the development budget, and the detailed budget. These documents are not integrated. There is a multiplicity of sectors/bodies involved in the production of the ADP.

The non development budget prepared by the Ministry of Finance, and the ADP, prepared by the Planning Commission, are parallel tasks. The ADP prepared by the Planning Commission is translated into a Demand for Grants by the Ministry of Finance. There are inconsistencies between the ADP and the development budget that is produced from it, together with confusion over definitions of revenue and capital costs under the development budget. Despite the ADP being sector based and the development budget being head based, these two documents are largely a duplication of efforts.

In sum, the budget documents are not fully transparent. More importantly, the expenditure categorization does not conform to standard international classifications. For example, the revenue capital categorization tends to get confused between non-development and development categorization yielding distorted picture about the nature of public expenditure and its impact on the economy. It would be more meaningful if the budget could be redefined to exclude recurrent costs in ADP while categorizing development expenditures and including from the non-development budget non-wage O&M as also the recurrent expenditures on social sectors such as health, education, family planning etc. Thus, to make any meaningful analysis of the impact of public expenditure in Bangladesh the existing data set need to be reorganized. Hence, we attempted to calculate the consolidated expenditure (revenue plus development) by each major economic sector since, as argued above, the existing revenue capital or development non-development categorization do not make much sense for economic analysis of the impact of public expenditure. The exercise turned out to be quite complicated and very involved as is

obvious from the description of the methodology adopted (see Annex Table A). To do justice to the study, we further disaggregated expenditures on social sectors (health and education) into various levels (primary, secondary, tertiary) to analyse the implications of expenditures of these sectors on alleviation of poverty [see Annex A and Annex Table A.2 for details on the methodology adopted].

The Size of the Government

Table 2.1 reports the periodic changes in the size of the government defined as the volume of resource use by the public sector measured by the magnitude of public expenditure as a ratio of GDP. It shows that the share of public expenditure in GDP increased from 15.04 per cent in late 1970s (1975/76 - 1979/80) to 16.74 per cent in early 1990s (1990/91 - 1994/95). In other words, the size of the government in Bangladesh increased while the policy of privatization and orientation of the economy towards the market was being emphasized.

Table 2.1: Share of Public Expenditure in GDP

<i>Period</i>	<i>Per cent</i>
1975/76 - 1979/80	15.04
1980/81 - 1984/85	15.28
1985/86 - 1989/90	15.74
1990/91 - 1994/95	16.74

Source: Calculated from Annex Table B.1.

Figure 2.1: Public Expenditure as Share of GDP (1975/76-1994/95)

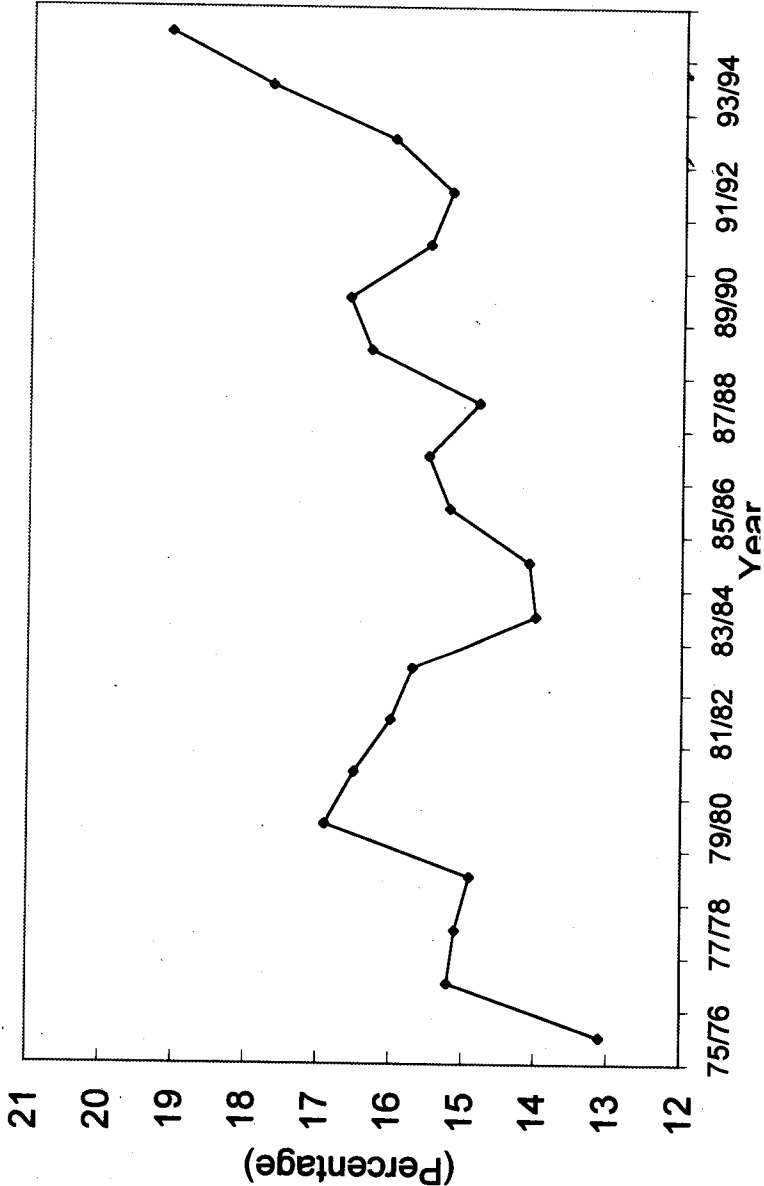


Table 2.2 shows that the size of the government of Bangladesh grew¹ significantly (at 5 per cent level) at the trend rate of growth of 0.8 per cent per annum during the entire period covering mid-1970s (1975/76) to mid-1990s (1994/95). The growth rate for the 1990s was not significantly different from the earlier period.

Table 2.2 : Trend Rate of Growth of the Size of the Government

<i>Dependent Variable</i>	<i>Equations</i>	<i>a</i>	<i>b₁</i>	<i>b₂</i>	<i>R²</i>
Size of the Government (Total public expenditure as a share of GDP)	(i)	-1.93* (-48.01)	0.007 (1.588)	0.015 (0.258)	0.21
	(ii)	2.67*	0.008**	-	0.26

Note: 't' statistics in the parentheses.

* denotes significant at 1 per cent level.

** denotes significant at 5 per cent.

¹ The growth rate for the size of public expenditure was estimated by fitting a trend equation that allows for a change in slope at the beginning of 1990s. That is, when a democratically elected government came to power by replacing an authoritarian regime.

The following trend equations are fitted:

$$\text{Log } Y_t = a + b_1 T + b_2 D_1 T \quad (\text{i})$$

Where Y = Total public expenditure as a proportion of GDP.

T = Time = 1 for 1975/76 20 for 1994/95.
Subscript t denotes the same for all variables.

D = 0 upto 1989/90 and 1 since then, b₂ refers to growth rate before 1990s while (b₁ + b₂) is the growth rate for the 1990s.

The trend equation with no change in the slope is

$$\text{Log } Y_t = a + b_1 T \quad (\text{ii})$$

Where Y = Total public expenditure as a proportion of GDP.

T = Time.

Trends in Public Expenditure

Nature of Public Expenditure

The public expenditure in the budget document is primarily divided into revenue expenditure and development expenditure. But this division of public expenditure does not strictly conform with the conventional economic classification of public expenditure between recurrent and capital expenditures. In practice, under the head of revenue expenditure, some items that should be categorized as capital expenditure are included. More importantly, however, some elements of development expenditure include large proportions of recurrent expenditure.

Figure 2.2: Revenue and Development Expenditures (1975/76-1994/95) (Constant 1984/85 prices)

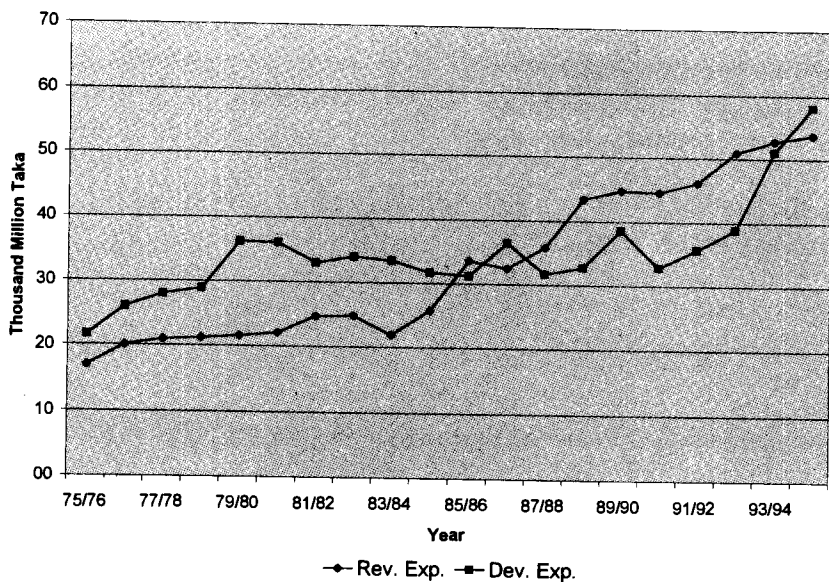
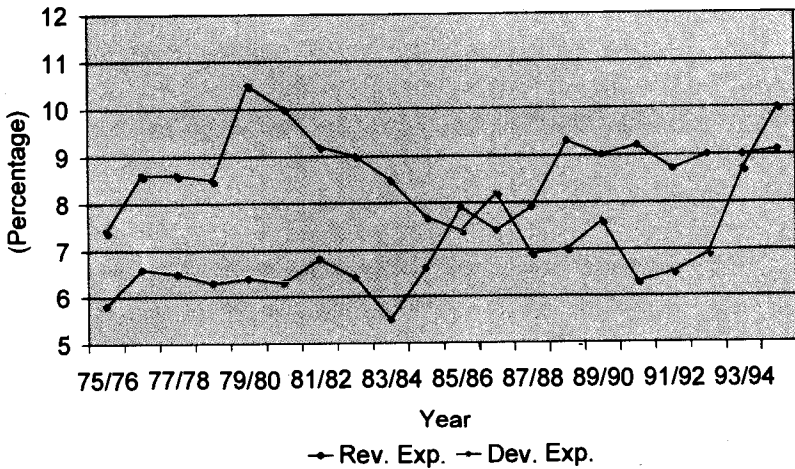


Figure 2.2 shows that both the revenue and development expenditures in real terms increased during the period under review. The level of development expenditure was higher than that of revenue expenditure from 1975/76 to 1984/85; lower for the period 1987/88 to 1993/94; and higher in 1994/95 again.

Figure 2.3: Revenue and Development Expenditures as Share of GDP (1975/76 – 1994/95)



Trends in Public Expenditure

Figure 2.3 shows the changes in ratios of development and revenue expenditures to GDP for different sub-periods. The ratio of development expenditure to GDP was higher than the ratio of revenue expenditure to GDP for the decade covering 1975/76 to 1984/85 and lower for most of the next decade covering 1984/85 to 1994/95. The periodic averages reported in Table 2.3 indicate that the share of development expenditure in GDP decreased from 8.8 per cent in the late 1970s to 7.7 per cent by the early 1990s while the ratio of revenue expenditure to GDP increased from 6.3 per cent to 9 per cent during the same period.

Table 2.3: Share of Development and Revenue Expenditures in GDP

(Per cent)

<i>Period</i>	<i>Development Expenditure/GDP</i>	<i>Revenue Expenditure/GDP</i>
1975/76-1979/80	8.75	6.29
1980/81-1984/85	8.95	6.33
1985/86-1989/90	7.46	8.28
1990/91-1994/95	7.71	9.03
1975/76-1994/95	8.22	7.48

Source: Calculated from Annex Table B.2

It was pointed out earlier that the revenue expenditure includes components that should be categorized as capital expenditure while development expenditure also includes certain items which should properly be categorized as recurrent expenditure in the budget. Table 2.4 shows the share of recurrent expenditure in total public expenditure and its major components: the development expenditure and the revenue expenditure. The percentage of capital expenditure in revenue expenditure is very low (less than 4 per cent) while the percentage of recurrent expenditure in development expenditure is not only high but

also increased from around 32 per cent in late 1970s to around 37 per cent by the early 1990s. In fact, the share of recurrent expenditure in total public expenditure increased from around 60 per cent in the early 1980s to around 70 per cent by the early 1990s. In other words, the share of capital expenditure, i.e., the contribution of public expenditure towards the capital formation of the economy, declined during this period. Thus the contribution of public expenditure towards the overall growth of the economy has been declining in relative terms over the years.

Table 2.4: Share of Recurrent Expenditure in Public Expenditure
(Per cent)

<i>Head/Period</i>	<i>1975/76 to 1979/80</i>	<i>1980/81 to 1984/85</i>	<i>1985/86 to 1989/90</i>	<i>1990/91 to 1993/94</i>
Development Expenditure	31.8	35.2	36.5	36.5
Revenue Expenditure	-	96.2	96.7	97.1
Total Public Expenditure	-	60.6	68.0	70.3

Source: Calculated from Annex Table B.2.

Our analysis shows that the share of investment in total public expenditure declined over the years. Since the economic system in Bangladesh progressively became market and private sector oriented, the private sector was expected to step in to compensate for the decline. But, as argued earlier, the Government has to provide certain services for proper functioning of the market. Even efficiency considerations demand that certain goods and services should be provided by the public sector.

Trends in Public Expenditure

The argument for public provision rests on the ground that the usage of certain goods or services by one person does not reduce the amount that others can consume when "each individual's consumption of such a good leads to no substitution from any other individual's consumption" (Samuelson, 1954, pp. 387). There is a range of commodities that have the property that an increase in one person's consumption (keeping aggregate expenditure on the commodities constant) does not decrease the consumption of other people by the same amount. In other words, public intervention may be warranted even on efficiency grounds where external economies or diseconomies affect decisions at the margin. Provisioning of physical infrastructure (roads, communication etc.) is generally considered to belong to this category.

The distributional considerations are also invoked for the public provisioning of certain goods and services. The so-called "merit" goods (Musgrave, 1959) such as health care and education fall under this category and may be regarded as social services. The rest of the expenditure belonging to directly increasing capacity of the economy may be categorised as economic services.

It has already been pointed out that the division of public expenditure in the budget documents of Bangladesh does not strictly conform with the more conventional economic classification of public expenditure between recurrent and capital expenditures. Furthermore, it is argued that the basis for dividing expenditures on social sectors into recurrent and development expenditures may not be justified on pure economic grounds. The contribution of recurrent expenditures on social sectors are equally, if not more, important than that of capital expenditures on these sectors towards the development of the economy. Hence, we ignored the division of public expenditures into revenue and development expenditures. Instead we disaggregated total public expenditure by functional categories for our purposes.

Table 2.5: Share of Functional Categories in Total Expenditure

(Per cent)

<i>Period/ Head</i>	<i>1980/81 to 1984/85</i>	<i>1985/86 to 1989/90</i>	<i>1990/91 to 1994/95</i>
Social Services	14.7	17.4	22.4
Economic Services	25.9	20.8	16.5
Infrastructure	23.4	20.8	20.8
Other	36.0	41.0	40.3

Source: Calculated from Annex Table B.1.

Table 2.5 shows that the share of social services (health, education, and family planning) in total public expenditure has gone up from 14.7 per cent in early 1980s (1980/81 to 1984/85) to 22.4 per cent by early 1990s (1990/91 to 1994/95) and that of economic services declined from around 26 per cent to around 17 per cent and in infrastructure, it remained almost constant at around 23 per cent during the same period.

The poverty alleviation efforts in Bangladesh must address the twin problems of providing employment and ensuring a wage that is high enough to acquire the basic needs. In other words, the opportunities for productive employment will have to be expanded. The poor do not own any asset other than their labour power. But being uneducated, they can only provide unskilled labour which fetch little income. Being poor, they suffer from ill health and cannot be very productive even when sheer physical work is needed. Hence, the government expenditure in health and education and generally in human resource development contributes towards improving the health status and skill of the labour force and to expand opportunities for productive employment.

Expenditure on Social Services

Table 2.6 reports the changes in the share of various sub-sectors within social services sector. It shows that the share of expenditure on education in social services has increased from 55 per cent to around 64 per cent between early 1980s (1980/81 - 1984/85) and early 1990s (1990/91 - 1994/95) and that on health declined from around 27 per cent to around 21 per cent during the same period. The expenditure on health and education accounted for between 80-85 per cent of expenditures on social services during this period. We have noted earlier that the share of expenditure on social services in total public expenditure increased appreciably from around 15 per cent to more than 22 per cent during the same period when the share of total public expenditure in GDP was also increasing. Thus expenditure on health and education in absolute terms has increased substantially between the early 1980s and the early 1990s.

Figure 2.4 : Share of Functional Categories in Total Public Expenditure

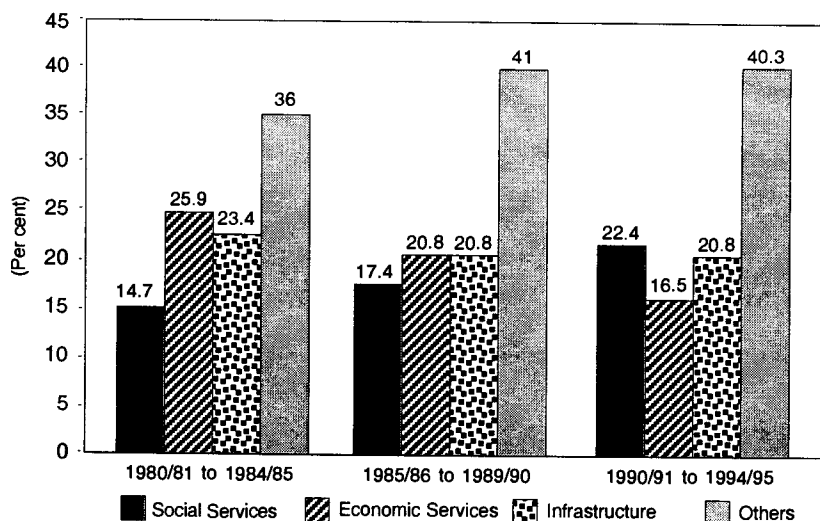
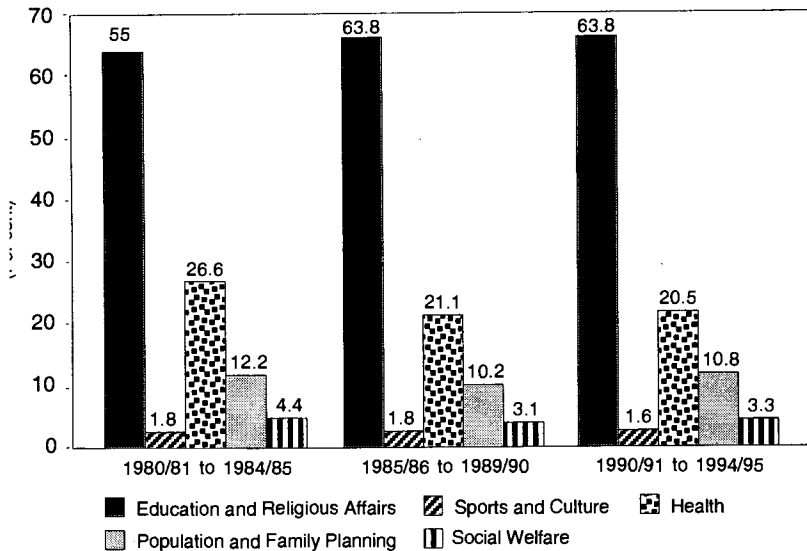


Fig. 2.5 : Share of Sub-sectors within Social Services

The share of expenditure on population and family planning in total expenditure on social services averaged around 15 per cent between the early 1980s and the early 1990s and that on sports and culture and social welfare accounted for around 5 per cent during the same period.

Table 2.6: Share of Sub-sectors within Social Services

	(Per cent)		
<i>Head/ Period</i>	<i>1980/81 to 1984/85</i>	<i>1985/86 to 1989/90</i>	<i>1990/91 to 1994/95</i>
Education and Religious Affairs	55.0	63.8	63.8
Sports and Culture	1.8	1.8	1.6
Health	26.6	21.1	20.5
Population and Family Planning	12.2	10.2	10.8
Social Welfare	4.4	3.1	3.3

Source: Calculated from Annex Tables B.1 and A.1.

Trends in Public Expenditure

A further disaggregation of expenditure in education and health, as presented in Table 2.7, shows that the expenditure share of primary education in total education has gone up from 47 per cent in early 1980s to around 50 per cent by early 1990s and that in secondary level from 32 per cent to 36 per cent during the same period. The expenditure share of higher education, on the other hand, declined from around 19 per cent to around 10 per cent between the early 1980s and the early 1990s.

Table 2.7: Disaggregated Expenditure within Education Sector
(Per cent)

<i>Head/ Period</i>	<i>1980/81 to 1984/85</i>	<i>1985/86 to 1989/90</i>	<i>1990/91 to 1994/95</i>
Primary Education	47.00	45.8	49.5
Secondary Education	32.01	37.00	36.2
Higher Education	18.62	13.74	10.34
Others	2.37	3.54	3.94

Source: Calculated from Annex Tables B.1 and A.2.

Fig. 2.6 : Desaggregation of Expenditure within Education Sector

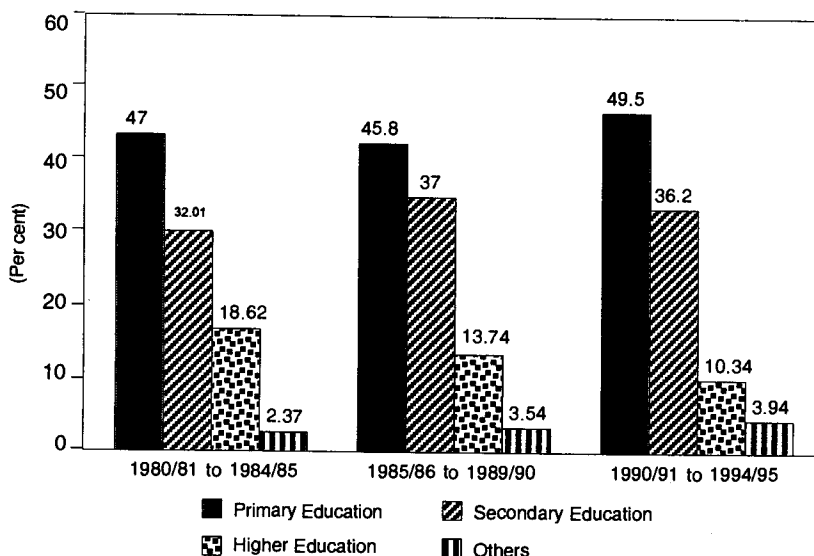


Table 2.8 shows the share of expenditure on primary and secondary health care as well as on population control in total expenditure on health care in the 1990s. It shows that the share of expenditure on primary health care in total expenditure on health care has declined from around 39 per cent in 1990/91 to around 33 per cent in 1993/94 and increased on secondary health care from around 34 per cent to around 42 per cent during the same period. Expenditure share on population control remained similar at around 25 per cent during the period.

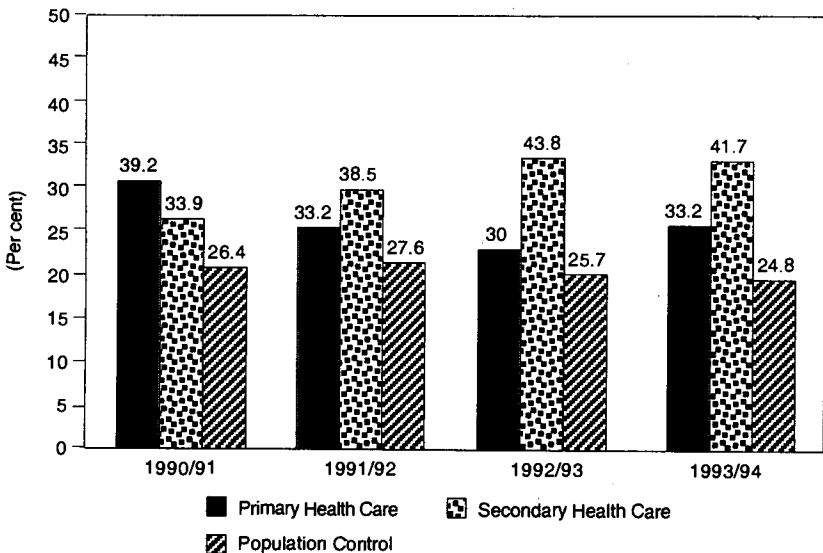
Table 2.8: Disaggregated Expenditure on Health Care

(Per cent)

<i>Year/ Health Care</i>	<i>1990/91</i>	<i>1991/92</i>	<i>1992/93</i>	<i>1993/94</i>
Primary	39.2	33.2	30.0	33.2
Secondary	33.9	38.5	43.8	41.7
Population control	26.4	27.6	25.7	24.8

Source: Calculated from Annex Tables B.1 and A.2.

Fig. 2.7 : Disaggregated Expenditure on Health Care



3. Public Expenditures and Poverty: Incidence and Targeting

3.1 Introduction

Poverty reduction can take place in three major ways -- by promoting income growth of the poor, by raising capability of the poor via education, health, and nutrition, and by providing social security for the poorest and the most vulnerable.² Public expenditures can influence poverty by interacting through all three above-mentioned channels. It can influence poverty directly via the social sector (education, health) having a bearing on the poor's capability. It can help directly in mitigating the severity of poverty via public employment and/or income transfer schemes. It can also influence poverty indirectly via the growth channel (through the crowding in and crowding out).

This section aims to address the following questions:

- How the benefits from public expenditures (such as education and health) are distributed across various income (expenditure) groups, especially the poor and the non-poor?
- How well the allocation for public food-assisted programmes (such as Food-for-Work, Vulnerable Group Development, and Food-for Education) are targeted to the need of the poorest and the most vulnerable?

² The term social security is broader than the "safety net". The latter is restricted mainly to some forms of income transfer schemes or special wage employment schemes (where wages are considerably less than the market determined level). The former, in addition to what safety net approach proposes, includes various formal and informal risks-insurance mechanisms and addresses not just the issue of severe consumption deprivation, but also of other non-income dimensions of poverty (such as housing, drinking water, sanitation, personal insecurity, etc). Social security concerns itself with all forms of vulnerabilities (relating, for instance, to gender, old age, ethnic minority and related dimensions of social exclusion).

- What has been the poverty-impact of public expenditures on rural roads and rural electrification?

3.2 Public Social Expenditures and Poverty

Growth and Public Social Expenditures

Before we move to analyze the re-distributive impact of public social spending, it is useful to note two stylized facts about the trend in the social sector allocations, to wit, education and health.³

First, a significant shift in the composition of public expenditure can be noted over time with increasingly higher share being allocated to education and health sectors. During the period between 1975/76 and 1982/83, economic growth had little spill-over impact on creating capacity for higher social sector allocations due to adverse political economy. Indeed, if anything, the share of education in total public spending declined from 8.4 per cent to 7.8 per cent during the period. Excluding population and family planning, the share of health sector also dropped from 4.1 per cent to 3.8 per cent during the period. This may be contrasted to the increasing weight of public administration (including defence), rising from 27.2 per cent to 33.7 per cent during the same period. These trends have reversed since then with the rise of "favorable" political economy that provided greater impetus to public social spending.⁴ The share of education in total public spending has

³ The observations offered in this section are based on Sen (1995).

⁴ A part of the shift in the composition of public expenditures is derived from the space of "populist" politics, but a part of it also stems from long-term poverty alleviation and population control concerns. The creation of the upazilla system with increased provisions for rural education and health, immunization, introduction of free education for girls, etc were some of the measures implemented/ undertaken during the late 1980s. These measures have been strengthened further in the early 1990s with higher resource base and by introducing newer measures such as food for education. These initiatives of the successive governments

almost doubled, increasing from 7.8 per cent in 1982/83 to 14.5 per cent in 1993/94. The same applies to the allocation for the health sector, the matched share having risen from 3.8 per cent to 7.2 per cent.

Second, the favorable trend observed in terms of shifting composition of public spending has been accompanied by real increase in per capita social spending during the period under consideration. The latter indicator is a more relevant indicator from the poverty and human development point of view. Available evidence suggests a positive association between growth and higher social sector allocations. The trend of increase is particularly pronounced during the first half of the 1990s. For example, in constant 1972/73 prices, per capita public expenditure on education has increased from Taka 7.13 in 1983/84 to Taka 14.81 in 1990/91, rising further to Taka 25.47 in 1993/94 (Sen 1996). Similarly, per capita real public spending on health and family planning has increased from Taka 6.67 to Taka 12.33 during the period 1983/84 and 1993/94.

Both the indicators point to the increased capacity of the state to provide resources for human capital development, particularly for the poor. This increased social sector capacity could not have been possible without sustained per capita economic growth (maintained at a level of about 3 per cent during the 1980s) and a favorable political economy giving higher priority to these sectors.⁵ Whether, and to what extent, social expenditures have been able to reach the poor still remains an unresolved question. The average allocations say nothing about the rural trend, not to mention the more important issue as to

were underwritten by generous support of the aid donors. By the mid-1990s, the share of "poverty-focussed" public expenditures has become a political item in the making of annual budgets.

⁵ This is, of course, true only in the light of the country's past performance. The social sector's share in public expenditures is still lower compared to what achieved in high-growing South and South East Asian economies.

what happened to the access of the rural poor to such services. The subsequent sections throw some light on this issue.

Data and Methodological Issues

The key objective of the analysis is to evaluate the extent to which public expenditures on education and health benefit the poorer groups in *rural* Bangladesh.⁶ The assessment is based on an "incidence analysis" of education and health expenditures in 1994.⁷ However, a comprehensive review of the benefit incidence requires that the analysis should consider the simultaneous determination of the entire tax and expenditure system, employing the government aggregate subsidy to health and education as one of the parameters of the system. Such data are not available to support the analysis. Hence, the focus has been to analyse the redistributive impact of government expenditures within a partial equilibrium framework. The purpose of the analysis is to see how the "gross" benefits from government spending (such as education and health) are distributed across various income (expenditure) groups. The concentration curves with national income distribution and the distribution of benefits from a particular category of government expenditures are compared to assess the distributive impact of such spending. The analysis will help to address the issue of re-orientation of public spending.⁸

⁶ The exclusion of urban focus is due to the lack of representative survey data capturing the household "use" of public educational and health facilities in urban areas.

⁷ Several studies have applied similar analysis in other country contexts. See, Van de Walle et al (1994), Hammer et al (1992), Seldon and Wasylenko (1992), Dayton and Demery (1994), Hausmann and Rigobon (1993).

⁸ The analysis requires information on utilization of public services by different groups of beneficiaries suitably classified by per capita income (expenditure). Such information are often not available from conventional household surveys, and hence, some special purpose surveys (such as a hospital beneficiaries survey) are usually required. Given the scope, the study will mainly use whatever information available from the existing household surveys on the use of public services.

To measure the direct income benefit from public health and education programmes, two types of data are needed. The most difficult part is to get fiscal information by required level of disaggregation. Gross allocations on public education (by three major types such as primary, secondary, and higher) and health facilities in *rural* areas have been estimated from the macro budgetary data.⁹ Information on household "use" of the services is measured from the unpublished primary survey data such as those collected by the poverty monitoring project of BIDS (using the 1994 round of survey of 62 villages). For the health expenditure incidence, the relevant indicator at the household level is the number of annual visits of household members to government health facility. The survey-based figure of average annua

⁹ Only revenue expenditures have been considered for the estimation of health and education subsidies. These are "higher bound" estimates of subsidy benefits since no allowance is made for cost recovery. Besides, rural/ urban breakdown of public health budget does not exist, at least in readily available form. The calculation of public health expenditures in rural areas takes into consideration some budgetary items which are not earmarked for exclusive rural use. Altogether, five items have been considered for public health expenditure analysis as applied to rural areas: hospital and dispensaries, mental hospital, epidemic control, health center, and upazilla (thana) hospital. The inclusion of some of the non-rural health facilities such as district hospitals is valid on the ground that many of the rural patients (suffering particularly from major illnesses) also make use of such facility, as indicated by the household surveys. The situation is less problematic for estimating the share of rural educational budget. The Statistical Year Book of Bangladesh (1994) provides information on expenditure allocation for primary and secondary education. The Year Book also distinguishes public primary and secondary schools from the private schools in rural areas. Combining these information, one can estimate the size of government allocation for rural primary and secondary education. For the estimate of gross benefits per rural student attending higher education (higher secondary certificate and above), only "general" college education has been considered. Since rural/ urban distribution of "general" colleges is not available, average expenditure per college student calculated at the national level has been adopted as a proxy for the rural estimate. While there is scope for further improvement on the budgetary data, the estimates are reflective of the underlying trends.

visits per rural person has been used to approximate the total visits to government health facility by rural population, as recorded in 1994. Combining this information with macro budgetary data, one can estimate the "gross" subsidy per (rural) visit to government health facility.¹⁰ Once the estimate of subsidy per health visit is known, one can calculate the total amount of benefits accruing to various income groups using survey information on the utilization of public health facility by each group.

Similar approach has been followed in estimating "gross" benefits from public education in rural areas. The household use of public educational services is measured by the number of household members (in the age group of 5 to 25 years) attending various levels of education by income groups, using the 1994 survey. The next step is to estimate the average public expenditure per rural student at primary, secondary, and higher levels.¹¹ Using the two sets of information, one can calculate the distribution of benefits via public education across various income levels.

3.3 Redistributive Impact of Benefits through Public Social Spending

There are at least two ways of assessing the redistributive effect of public education and health spending in the short term. The first

¹⁰ This is estimated to be Taka 211 in 1994. The assumption that unit costs are the same for the various income levels is hardly satisfactory. Ideally, one should take into account the quality differential in the service provided by public health bodies to the poor and the non-poor. The latter may be measured in terms of waiting time, adequate attention of the doctors, differential access to inpatient and outpatient facility, access to medical tests, etc.

¹¹ This is calculated on the basis of available macro and educational statistics (with the caveats observed in footnote 3). Thus, the average public expenditure per rural student attending government primary schools has been estimated at Taka 541 during the year; the matched figure for those attending government secondary schools in rural areas is Taka 1769.

consists of evaluating the distribution of spending (i.e., how much of the total public expenditure is received by each income decile). The second consists of determining what proportion of each decile's income is represented by public spending on health and education. The progressivity or regressivity of government social expenditures can be analyzed from both the perspectives. The two criteria may not necessarily yield the same result. For instance, it is possible that the bottom two deciles receive less than 20 per cent of the total spending on education. However, this transfer can represent, in terms of its income, a larger share than the share received by the most affluent decile. We have considered both the perspectives in ascertaining the effectiveness of public social spending in terms of its impact on equity.

The Expenditure Incidence in Education

Let us first consider the question of rural access to public education by households at different income levels defined in per capita income scale (Annex Table B.3.2). If spending at different levels of education is taken into account, then the distribution of benefits from public education in rural areas would appear to be rather regressive in nature. The bottom 20 per cent of the households receive only 13.8 per cent of public spending on rural education. In contrast, the top 20 per cent have 28.8 per cent of such expenditures. The poor households (who constitute about 52 per cent in 1994¹²) claim only 40 per cent public spending on rural education; the share of the non-poor households in such expenditures is as high as 60 per cent. The emerging pattern of regressivity in respect of total education spending is, however, mainly due to the severe inequity in the allocation of expenditures at secondary and higher levels.

The pattern of distribution of benefits from higher education still remains highly skewed: poor households claim only 15 per cent of public spending on higher education, the rest 85 per cent being received

¹² For recent poverty estimates based on the BIDS sample, see Hossain (1996).

by the non-poor households. The share of the bottom 20 per cent (corresponding to the extreme rural poor) is extremely limited: they account for less than 1 per cent of higher education spending and 6 per cent of secondary education.¹³

The distribution of benefits from primary education expenditure shows a progressive pattern. The share of benefits accruing to the households at different income levels roughly correspond to their share in overall household distribution. For instance, the bottom 20 per cent receive 19.4 per cent of the benefits from primary education expenditure compared with only 6 per cent recorded for secondary education expenditure. On the other end of the spectrum, the top 20 per cent receive about 21 per cent of the benefits from primary education compared with 35 per cent for secondary education expenditure. The expansion of primary education in rural areas is thus seen to have a pro-poor orientation. A further shift within public education expenditures towards rural primary education will further strengthen this healthy trend. The need for such adjustment also arises from the fact that the current gross enrollment rate at the primary level is still substantially lower for the extreme poor compared with the non-poor (30 per cent vis-a-vis 75 per cent).¹⁴ The scope for such an adjustment exists given that the share of rural primary education forms only 40 per cent of the public education budget. However, the focus also needs to be given to the increasing access of the rural poor to secondary education. The rapid increase in the rural primary enrollment in recent years will entail a much higher demand for secondary education in the next five years which can not be met by the existing supply of government secondary

¹³ According to Hossain (1996), the share of rural extreme poor households is about 18 per cent in 1994.

¹⁴ The figures are derived from the 1992 survey of 17 villages which form a sub-set of larger 62-village sample. The update of these estimates from the 1994 survey is not available. While the gross primary enrollment rate is currently assessed at around 80 per cent, the above differential across poverty status remains persistent as before.

schools. The economic argument is also stronger for secondary education: income-impact of secondary education is much higher than that recorded for primary education.¹⁵

Let us now turn to the aspect of progressivity which consists of determining what proportion of each decile's income is represented by public spending on education. Annex Table B.3.2 (col. 5) expresses the per capita transfer through public primary and secondary education as proportion of per capita income, while Table B.3.3 (col. 5) reports the same by considering the transfer from higher education spending as well. Both the estimates suggest a progressive pattern: the share of benefits as proportion of poorer income deciles is monotonically higher than the corresponding figures obtained for the richer income deciles. Thus, the matched figure for the poorest decile declines secularly from 4.6 per cent to 0.6 per cent for the richest decile (Annex Table B.3.3). Judged from this perspective, the redistributive effect of public education expenditures may be considered as being favorable to the rural poor.

What can we say about the trend in the redistributive effect of public education? The previous work which exists on this score provides comparable estimates for 1985/86, but it gives expenditure incidence at the national level (i.e. average of both rural and urban access). If the national pattern is assumed to be true for the rural areas as well (a not too implausible proposition for the year under consideration), it is possible to compare the previous results with our estimates. The comparison shows a complete reversal of the trend over 1985-1994. One can notice a clear sign of regressivity in the pattern of distribution of benefits prevailing during the beginning of the period. In 1985/86,

¹⁵ This may be verified from the annex Tables 1 and 2. Household heads attending secondary education have a consumption level which is 13 per cent higher than those without any formal education (the reference category). The matched figure for households attending primary education is considerably lower (only 6 per cent). The same applies to income data. For further discussion of the results, see Sen (1997).

For instance, the benefit from public education spending as a proportion of household income stood at 0.7 per cent for the poor in comparison to 1.3 per cent for the nonpoor (World Bank, 1990). As noted earlier, the progressivity in the pattern has become apparent by 1994.¹⁶ This is in line with the efforts at restructuring the public expenditure with increased focus on social sector allocations since the mid 1980s.

The Expenditure Incidence in Health

The above observations broadly characterize the distribution of benefits from public health expenditures as well. We shall only focus on the additional information revealed in the incidence analysis as applied to rural public health.

First, as per the current pattern of utilization of public health facility in the rural areas, the highest benefit is received by the fifth income decile (having 17.8 per cent of total transfers). Households located at the top income decile receive slightly higher amount of benefits as compared with the poorest income decile (13.6 per cent compared to 12.8 per cent). However, the emerging pattern is generally pro-poor. As can be calculated from Annex Table B.3.4, the share of the rural poor in the total stream of benefits from public health spending is about 57 per cent which is much higher than the matched figure observed for public education spending (i.e., 40 per cent).

Second, the importance of public health access is particularly revealing for the poorest income decile. The latter account for only 2 per cent of rural (private) income, but has 13 per cent of total health benefits. *Third*, a comparison of the relative proportion of public and private health expenditures indicates that benefits through public health

¹⁶ Again, one needs to keep in view that the two estimates are not strictly comparable. While further works need to be done on this issue, the underlying trend seems plausible, given the rapid expansion of primary education facility in the early 1990s.

still cover only a small part of the health care demand (Annex Table B.3.6). This is true even for those who are virtually cut off from the qualified private health care facility such as those provided by the trained doctors and private health clinics.¹⁷ The public component varies from 8 per cent to 36 per cent of private health expenses for different groups of the rural poor (deciles 1-5). This also shows the potential benefits associated with effective expansion of public health programmes in rural areas. The extreme poor households currently allocate 7-10 per cent of their income to cover private health expenses which is a sizable burden by any reckoning.¹⁸ If this burden can be relieved through greater targeting and provision of public health care, this would have substantial poverty alleviating effect.

Fourth, as with the incidence of rural public education spending, certain progressivity is also revealed in the distribution of rural public health care (Annex Table B.3.2). The benefit from the latter source, as a proportion of per capita income, is found to be the highest for the poorest (2.9 per cent) which declines almost secularly to 0.2 per cent in case of the top two deciles.

The above point should not, however, detract from observing the most disturbing aspect of the public health interventions in the rural areas. The share of public health access is still limited to only 12-13 per cent with little variation across socio-economic groups. The proportion

¹⁷ The choice for the most of the rural poor is between public health care and traditional (including untrained) practitioners, while the option for the rich ranges from inpatient facility in public health centers to having the ability to access the service of qualified private doctors. On the issue of general health access in rural areas, see Begum (1996).

¹⁸ This is just one aspect of the income erosion process. The other, more critical, aspect of it lies in the acute vulnerability of the poor households to sudden and unanticipated health related shocks, leading to the loss of income and employment, and increased indebtedness. Health related shock represents an important determinant of the downward mobility along the poverty spiral. On this, see Sen (1996).

has remained remarkably stable over the years, at least during the period since the mid 1980s (Begum 1996). The access to maternal care is dismally low (less than 1 per cent). Indeed, the share of core rural health expenditures on curative care has possibly declined over time. This is partly expressed in the declining share of upazilla hospital expenditures in total current health spending--from 47 per cent in 1986/87 to 38 per cent in 1993/94.¹⁹

What explains the low level of utilization of public health facility in the rural areas? This is an area of further research. Available evidence points to the poor quality of health services: 28 per cent of the respondents cite "inadequate attention given by the doctors", another 26 per cent cite the non-availability of medicines as the principal cause (Khan 1988). These responses are, however, extracted from those who have choice over alternative health care options. Not all can exercise such a choice. It is, perhaps, the most desperate and the needy belonging to the poorer income groups who have to depend on the existing public health facility.²⁰

Before ending the section, a final word on the redistributive impact of public education and health spending. In general, the distribution of social sector spending by various income groups is less skewed than the observed (private) income distribution. The poorest two deciles have only 5 per cent of total rural income, but receive 19.4 per cent of benefits from primary education, 6 per cent of benefits from secondary education, and 21.7 per cent of benefits from public health spending. The only expenditure item which is distributed more unequally than income is public spending on higher education. The aggregate amount

¹⁹ Calculated from the 1994 Statistical Yearbook of Bangladesh.

²⁰ Considerable differences exist even within the poor in this respect. Begum (1996) suggests that the female members belonging to the extreme poor households tend to use public health facility more than their male counterparts (25 per cent vis-a-vis 12 per cent). This should be seen as an expression of acute desperation rather than a freely exercised choice.

of such benefits is, however, quite low. As a result, the pattern of distribution of rural income with and without such transfers remains virtually unchanged.²¹

3.4 Public Safety Net Expenditures and Poverty

Three programmes are considered: food-for-work (FFW), vulnerable group development (VGD), and food-for education (FFE).²² These programmes claim 55 per cent of the total foodgrain allocated under various food-assisted programmes. In monetary terms, they represent a considerable proportion of the sectoral budget. For instance, FFE program alone represents over 35 per cent of total allocations in primary education. The key question is whether these programmes reach the target group, i.e., the poorest and the most vulnerable.

The evidence presented in Annex Tables B.3.7 and B.3.8 suggests that both FFW and VGD programmes reach the poorest of the poor. This can be verified by comparing the relative weight of the extreme poor households in these programmes with the general weight of the extreme poor in the overall rural distribution. Thus, the bottom three expenditure groups account for 22 per cent of rural households (roughly corresponding to the group of the extreme poor). These groups display overwhelming presence in FFW and VGD programmes (72 and 92 per cent, respectively).

Note that the average expenditure in each of the expenditure groups in FFW and VGD distribution is lower than the corresponding figure in

²¹ Even if we take all transfers via education and health spending into account, the share of the two poorest income deciles in total rural income increases by only 0.1 percentage point, while that for the two richest deciles declines by a mere 0.2 percentage point.

²² Food-for-education is primarily a schooling programme for the boys and girls who come from land-poor families. However, the programme also attempts to improve the nutritional status of the school children.

verall rural distribution. This implies that, even within the same expenditure interval, these programmes target the less well off. Between the two programmes, the VGD beneficiaries stand out to be the most disadvantaged in terms of poverty ranking. A major reason for targeting success may lie in the nature of self-targeting that characterize these programmes. It is, therefore, a cause for concern that allocations for these programmes (FFW in particular) are declining in absolute terms in recent times-- from 716 to 640 thousand tons over 1992-1996 period (Annex Table B.3.9). Such negative developments will have diverse implications for extreme poverty.

The above, however, cannot be said with the same degree of certainty when it comes to the issue of FFE programme. According to a recent BIDS survey, FFE schools have considerably higher proportion of children from land-poor households such as agricultural labourers, low-income artisans, distressed widows, etc compared with non-FFE schools (Annex Table B.3.10). But, the programme's apparent targeting success is undercut by two considerations.

First, in many cases children from non-poor households are concealed under "poor" categories; after all, without an effective local government, it is very difficult to administer poor-targeting by occupation (as is done in the programme). It is, therefore, believed that the extent of leakage to the non-poor groups would be much higher than the 26 per cent figure cited in the survey.

Second, the key objective of the programme is to bring children from poor families into the ambit of education. It is not the issue of delivering food to low-income children, but one of supplying quality education which ultimately matters for long-term poverty alleviation. The BIDS study points to the problem of limited supply of schools pre-existing even at the outset of the programme. The problem was aggravated further by the introduction of the FFE programme, creating pressure on a limited physical space and inadequate staff strength, with sharp deterioration in the quality of education (BIDS 1997).

3.5 Public Infrastructure Expenditures and Poverty

A number of studies in the past have pointed out that expansion of infrastructure has positive effect on rural income growth (Ahmed and Hossain 1988; Chowdhury and Hossain 1986; Sen 1997).

The regression results presented in Annex Tables B.3.11 and B.3.12 may be reviewed in this context. Controlling for the variation in the initial resource endowment of the households (such as land, non-land capital, and labour) and after making some allowance for the potential factors that affect productivity as well as the choice of economic activities, one can still discern a significant positive income (consumption) effect of public spending on infrastructure such as all-weather roads and electrification in rural areas. Households residing in villages with electricity and good roads have, on an average, about 20 per cent higher consumption than their counterparts in infrastructurally underdeveloped villages. The relative impact of such infrastructure expenditures is of similar magnitude for the poor and the non-poor households.

One implication of the above findings derived from cross-section analysis may be considered. Ever since the mid 1980s, the share of rural road and electrification in the respective sectoral budget has registered a noticeable increase. Thus, the share of rural roads in the total transport sector budget has increased from 1.3 per cent in 1984/85 to 7.2 per cent in 1989/90, rising further to 22.9 per cent in the 1990s. Similarly, the share of rural electricity in the total power sector budget has gone up from 19 per cent in 1984/85 to 26.5 per cent in 1989/90, increasing further to 33 per cent in 1994/95.²³ This pro-rural shift in the intrasectoral pattern of allocation of resources within power and transport sector budgets has helped to boost up rural poor's income and promote a broad-based rural growth. The attendant poverty alleviation effects associated with public spending on rural infrastructure have been stronger in the 1990s than in the earlier periods.

²³ These estimates are based on actual expenditure data from IMED and Ministry of Finance, and not on data on planned allocations.

4. Reaching the Poor: Local Level Institutions

The size of the government in Bangladesh and the share of expenditure on the social sector and physical infrastructure has been increasing in recent years. In fact, the aggregate allocation of resources, which have either a direct or indirect bearing on rural poverty, has gone up substantially since the early 1980s, from a level of 30 per cent to 50 per cent by 1994/95. Further, the above trend of increased aggregate allocation has been accompanied by a compositional shift in favour of the poor (Sen, 1998). Yet the impact of such expenditure on poverty alleviation according to the available empirical findings is not very encouraging. According to the Household Expenditure Surveys (HES) of BBS, rural poverty declined by less than one percentage point between 1982/84 and 1991/92 (it actually increased between 1985/86 and 1991/92). Such a modest reduction in the rate could not prevent the rising absolute number of the poor during the period.

It follows from the above that one needs to go beyond the policies and resources to come to grips with the problem of achieving the developmental impact of any investment expenditure in Bangladesh. In fact, poverty alleviating programmes propose a combination of mechanisms at the design stage and during implementation to ensure that the resources are used primarily to benefit the poor. The experience in Bangladesh as well as in many other developing countries shows that designing a delivery mechanism and instruments that could ultimately reach the poor is no less a challenge than generating resources and formulating right policies. The problem of designing anti-poverty programmes are further complicated by the fact that the poor are not a homogeneous group. They vary in terms of education, occupation, location, sources of income, age, sex etc. The interest of one group of the poor may conflict with that of the other. Hence, anti-poverty programmes are needed to be designed for each of these different categories of the poor keeping their specific

characteristics in mind while designing the delivery mechanisms and investments to reach them. The models of efficient institutions for them may also vary. Thus the importance of socio-political variables along with policies has to be recognised. In other words, the context in which the poverty problem is addressed have to be clearly understood.

Poverty is a complex process of multi-dimensional nature. The nature and intensities of the needs of the poor are diverse. The causes of their deprivation vary and, as a consequence, the solutions also differ. The key to reducing hunger and poverty on a sustained basis is not primarily a matter of finding just resources, but of combining resources with local social mobilization, with local capacity building, with environmental sustainability and with a full measure of local ownership and providing a range of support services to empower them.

The empowerment of the poor involves complex interaction and mutuality of interests between the powerful and the powerless. It implies increasing control over the matrix of factors which determine the standard of living and welfare of an individual, a group or a community. It implies the ability to take decisions and define a partnership for development on an equal footing and on a sustained basis, the power and authority to negotiate, solve problems and remove constraints. Empowerment is characterized by awareness, critical knowledge, and social, economic, political and psychological upliftment. Obviously it cannot be achieved by one-shot interventions; it needs to be viewed as a process of building self-esteem and leadership. There is also a limit to what can be achieved through external interventions; empowerment should basically be an internal process of learning and accommodation through education and conscious building and, most importantly, through understanding the interaction of interests between the powerful and the powerless. In other words, it requires a minimum level of achievement in terms of human capital on the part of the poor at the individual level.

The participation should not be equated with participation of the poor as producers. Participation involves in-depth dialogue between immediate male and female villagers and various external agents, ranging from local and national government officials to international experts. The range of social and cultural differences is enormous, as well as the levels of education, language, power structure, cultural and social backgrounds, each of which on its own requires commendable effort and time to overcome, let alone a complex combination of them for such a meeting to take place on equal terms. The poor may want to participate, but they may be constrained by their inability to articulate their needs. They will, therefore, need assistance to articulate their needs. There has to be a balance between income generating and social development efforts. Providing the poor with necessary support services to develop their human resources so as to improve their capacity to deal independently with the rest of the interest groups requires time and patience. Critical interventions in the field of health, education, nutrition, etc. have to be provided. Provision of these basic human needs work as an incentive for the poor to participate in community organizations and fulfilling these needs improve their capability to participate in a more meaningful way in the process of development. But these services are of the public good type and have externalities. Hence, they are not usually provided through the market and by the private sector. On the other hand, the incidence of widespread poverty in the developing countries indicate that the governments also do not provide these services to the extent needed. In other words, the poor are victims of both market failure and government failure. In fact, increased expenditure for providing education, health, nutrition and in such other areas to improve human capital should be considered as investments. Return on such investments in developing countries may be much higher than in any alternative investment opportunities available when the long term consequences of the return in terms of growth and equity are concerned.

The government departments are hierarchical in nature and have effective vertical communication system to carry orders and information from the top. They are concerned mainly with completing physical works and other clearly identified targets within the stipulated time frame. The issues like process, participation, institution building, learning etc. have little place in their pattern of operation. Hence, when a number of government agencies are involved in a project, the lead agency dominates. Furthermore, the status of the project director/manager/coordinator is quite low in the government hierarchy. As a consequence, conflict of interests among different line agencies, and levels of government and the lack of coordination and cooperation among them and finally the low status of project manager/director/coordinator result in poor performance in terms of implementation of a project. Thus such initiatives suffer from complications beginning with delayed start up to difficulties in targeting and achieving even the overall objectives set out at the beginning of the project. Furthermore, projects which are successful under the framework do not go beyond creating an enabling physical environment. They fall far short of providing the social basis for empowerment of the poor and sustainability of project benefits. Thus weak management for a variety of reasons and the complexities of coordination and the resultant weak linkages at various levels and layers of decision making represent the core problem for effective implementation of government executed projects.

The donors and the governments over time have realized that the participation of the beneficiaries in various stages of project implementation is essential for ensuring that benefits of the projects are reaped primarily by the target group and are sustained. Community participation can be institutionalized through broadened community organizations. This is usually the missing link between the providers (the government) and the people, that is the delivery mechanisms and the beneficiaries. It is this institutional vacuum at the local level that primarily leads to the diversion of resources meant for the poor when it is delivered through the government agents controlled primarily from

the centre as it cannot communicate with the unorganized people. Thus the appropriate relationship between the central and the local governments should be influenced not only by a desire to stimulate economic development as normally defined, but also by a concern for other objectives such as the process through which decisions are carried out is itself appropriate or not. A participatory mode of development suggests that the local level institutions should be strengthened to play an independent role rather than being an extended arm of the central government.

4.1 Local Government Institutions

The institution of local government in Bangladesh has a long history. In its present form, the origin could be traced to the demand for self-government in British India. Until the period of British colonial rule which began in the 17th century, the village people in the Indo-Pak-Bangladesh sub-continent were more or less left to themselves²⁴. Only when they paid their taxes, did the village population come in contact with the central government agents. The authority of the central government seldom extended to the remote villages of the sub-continent. Thus, village self-government in the sub-continent is as old as the villages themselves. However, village governments assumed different forms and functions in different times and places. In fact, headmen and panchayets (village councils) seem to have existed since early times, even if their functions, powers and their place in the system of self-government varied considerably. During the middle ages and particularly during the long reign of Moghul emperor Akbar, some serious reforms in both general as well as tax administration were made and successfully implemented.

The Bengal Village Chowkidari Act of 1870 was the first British attempt to revive the traditional Panchayet system. It authorised the

²⁴ See Siddiqui, 1992 for details.

District Magistrates to appoint Panchayets at the village level consisting of five members. The Panchayet was given authority to appoint the village watchman, called the "Chowkidar", and to assess and collect taxes from the villagers to pay the salaries of the Chowkidar. However, it was a fully nominated body, and refusal to be its member meant a fine of Taka fifty. The Panchayet could not remove the Chowkidar. The sole purpose behind the creation of this body was to maintain the law and order and serve the British interests and therefore no real welfare functions were assigned to it.

The Bengal Local Self-Government Act of 1885 was passed to extend the system of local self-government in Bengal. Under the Act of 1885, three tiers of local bodies came into operation, namely, i) the District Board in the District, b) the Local Board in a Sub-division and c) the Union Committee for a group of villages. The District Board was the focal point of the whole local-self government framework and had such responsibilities as communication, health and sanitation, water supply, education, census, relief and vaccination. The main sources of its income were cess, fees and government grants.

The Bengal Village Self-Government Act, 1919 brought important changes in the structure of the local bodies. The three-tier system was replaced by a two-tier system comprising of the Union Boards and the District Boards. Under the Act, existing Chowkidari Panchayets and Union Committees were replaced by Union Boards. A Union Board usually consisted of 6 to 9 members of whom two-thirds were elected and one-third nominated. The system of nomination was abolished in 1946. The functions of the Board included maintenance of law and order through appointment of dafadars and chowkidars; upkeep of schools, roads and ponds and the provision of elementary sanitary and medical services. In addition to receiving grants from the higher bodies the Union Board was authorised to levy a yearly Union tax. The tax was to be imposed on owners and occupiers of buildings. In all matters, the Union Board were to work under the supervision of the Circle Officers who acted as representatives of the District Magistrates.

The Act did not replace the District Board, but modified the old system. The women did not have voting rights. A voter for electing the members had to be a resident of the district and at least 21 years old. He was required to pay a certain amount of either chowkidari tax or cess.

From 1885 to 1920, the District Magistrate acted as the Chairman of the Board. Since 1921, the Board was given the privilege of electing its own Chairman from among its members, subject to the approval of the provincial government. The Chairman was the executive head of the Board. Gradually concessions were made for selecting local government representatives through election in place of nominations. By the time the British rulers left India in 1947, both the tiers of local government (Union and District Boards) had become fully elective.

During the Pakistan period (1947-1971), there were some reversals in the process of democratization of the local institutions achieved so far. The martial law regime (1958-69) introduced a system in the country called the "Basic Democracy"²⁵. The Basic Democracies Order, 1959 and the Municipal Administration Order, 1960 established a four-tier system of local government in Pakistan (including Bangladesh). The legal responsibility for the local government was vested in the provincial governments. It had the authority not only to create a local council and to determine its limits but also to terminate its existence. The controlling authority (the Commissioner of a Division for the Divisional Council and the Deputy Commissioners for lower level councils) was empowered to: a) review any decision of a local council and substitute his decision for the council's decision, b) remove from office an elected member or an officer of a local council, c) supervise a council if, in his opinion, its performance was unsatisfactory, d) approve the estimates of revenue, expenditure and other financial transactions, and e) exercise any or all the powers of a local council if it appeared expedient to do so. The control of provincial governments over the local councils was rigid and no safeguards were

²⁵ See Siddiqui op.cit.

provided in the case of arbitrary actions by the provincial governments and/or the controlling authority. The Basic Democracy system was given a long list of regulatory and development functions. They could not achieve much because they did not have adequate power to mobilise resources at the local level.

After independence in 1971, the first action of the Bangladesh government was to remove the rural local bodies. The name of the Union Council was changed to Union Panchayet, the Thana Council to Thana Development Council and the District Council to Zila Board. The local bodies were dissolved and official administrators were appointed to each one of them. The District Councils and the Thana Councils were put under the control of the Deputy Commissioners and the Sub-divisional officers respectively. The Union Councils were placed under the charge of the Circle Officers. The Constitution of the country lays down the fundamental principles on which the local government institutions are to be developed.

The Constitution of Bangladesh (effective from March 1973) provides in Article 59 that:

- a. Local government in every administrative unit of the Republic be entrusted to local body composed of persons elected in accordance with law;
- b. Every body such as is referred to in Clause (i) shall, subject to this Constitution and in other law, perform within the appropriate administrative unit such functions as shall be prescribed by Act of the Parliament, which may include functions relating to:
 - ◆ administration and work of public officers;
 - ◆ maintenance of public order;
 - ◆ the preparation and implementation of plans relating to public services and economic development.

Thus the Constitution gives enough opportunity to develop viable self-government local governing institutions in the country. Indeed, since independence various governments attempted to implement their concept of local self-government in place of that of the previous regimes. In the process, no institutional set-up has had the time to take root as these regimes did not last long enough to make a permanent impression on the community. During the first phase (1973-1975), the government could not achieve much beyond changing the names of the local government institutions as stated earlier. During the second phase (1976-1982), efforts were made to revive and expand further the historical role of local government (under Ordinance of 1976) renaming the local government institutions as Union Parishad, Thana Parishad and District Parishad respectively. Subsequently (in 1981), efforts were made to strengthen the system by setting up a village based organisation known as Gram Sarkar. But the change of the government in 1982 brought about new ideas which shifted the attention from the villages to the thanas that were upgraded as Upazilas to be headed by elected people's representatives. Similarly, sub-divisions were upgraded to districts (the number increased from 21 to 64).

Under the decentralized programme of the government, Upazilas became the focal point of local level government. According to the Local Government (Upazila Parishad and Upazila Administration Reorganisation) Ordinance 1982, relating to Upazila, a Upazila Parishad consisted of a) an elected Chairman, b) representative members (all Chairmen of the Union Parishads under the jurisdiction of the Upazila), c) three women members nominated by the government from amongst the women residing in the Upazila, d) official members (the holders of the offices in the Upazila as specified by the government as ex-officio members without voting right), e) Chairman of the Upazila Central Cooperative Association, and f) one nominated male member (eligible for election as Chairman of the Upazila Parishad). All representative members and the five nominated members were allowed to vote in the Upazila Parishad meetings. The Chairman of the Upazila Parishad was directly elected by the entire Upazila on the basis of adult

franchise. Till the election of the Chairman of the Upazila Parishad, the Upazila Nirbahi Officer (the Chief Executive Officer of the Parishad deputed by the government) acted as the Chairman. The tenure of the Parishad was five years.

The Union Parishads became the focal points for local level development after the implementation of Local Government Amendment Act, 1993. It is stipulated that "Village Development Committees" at the villages would be formed for helping village development and the Thana Development and Coordination Committees for coordinating development activities at the Thana level. The Union Parishads would elect their Chairmen and members directly, while the post of the Chairmen, Thana Development and Coordination Committees would rotate among the elected Chairmen of the Union Parishads.

With the change in the government in 1996, a bill has been passed to establish four tiers of local government institutions at the village, union, upazila and zila levels. These institutions will be known as Gram Parishad (GP), Union Parishad (UP), Upazila Parishad (UzP) and Zila Parishad (ZP). The GPs will be established in each of the 9 wards of every union of the country, while UPs, UzPs, and ZPs will be established in every union, upazila and zila of the country, except that in the three zilas of the Hill-tracts existing ZPs will continue to function.

Each of the above local level institutions will have well-defined functions to carry out.²⁶ The Gram Parishads will participate in the preparation of development programmes/projects to be undertaken for increasing production; maintenance of rural infrastructure (e.g. feeder roads, bridges and culverts); development of local natural resource base; supervision of primary schools, madrashas and maktabas and motivation of guardians to send their wards to schools; creation of

²⁶ See GOB (1998).

awareness about health and healthcare; implementation of drinking water supply projects, especially regarding the selection of sites for sinking tubewells; establishment of cooperative/associations for carrying out socio-economic activities, collection and preservation of vital statistics like dates of births and deaths, marriages etc.; maintenance of law and order in the locality; undertaking socio-economic surveys of households in all villages; etc. The Gram Parishads will keep the Union Parishads posted about their problems as well. The local government institutions in other three levels will be entrusted with similar functions at varying levels of responsibilities and authorities, including the authority to raise resources for financing local level development activities.

Standing Committees for such fields as a) law and order, b) health and family planning, c) agriculture, irrigation and environment, d) education, social welfare, development of women and children, e) sports, culture, and youth development, f) fisheries and livestock and g) other fields as felt necessary will be established to assist the local government institutions at all levels in conceiving, designing, formulating and implementing local level development programmes/projects.

Over the years, there has been frequent changes in the tiers and importance of various levels of local government institutions in the overall system. The functions and responsibilities of various levels of government institutions also changed substantially with the change of the government during the post-independence period. It is true that since their inception local governments have never been able to finance themselves from locally raised revenues. In fact, local governments generate less than 5 per cent of the revenue collected by the government. It was assumed that the Union Parishads would be able to meet their expenses from their own earnings. The Union Parishads, however, had to depend on government grants even when they were empowered to collect revenue from 14 items according to Basic Democracy Act, 1959. One survey shows that Union Parishads could

collect taxes from only 3 to 4 sources in 1976 even though they could raise taxes from 14 items (NILG, 1976). According to the survey, the Union Parishads could hardly meet 40-50 per cent of their expenditures. Another survey shows that the Union Parishads became financially so weak after restricting their power to raise taxes from 28 to 6 (1976 Ordinance) in 1976 that they could not even meet the expenses of salaries for their employees.

Thus the evaluation of local level institutions, particularly since the independence of Bangladesh, indicates that changes in various aspects of these institutions followed changes in the government. These changes even included such fundamental aspects as the representative nature of the system. During different regimes, alternative levels of the government were identified as the focal points of the system. Accordingly, functions and responsibilities at these levels were increased, powers to raise revenues were expanded and grants from the centre increased. All these changes were brought about by enacting laws in a very arbitrary manner. Very little, if any, justifications were ever provided for making such sweeping changes. As a result, no system was tried long enough to really test their merit and as such take root in the country. As a consequence, common people are yet to get used to an efficient and participatory public delivery system.

5. Summary and Conclusions

Poverty connotes "a deprivation in relation to social standard, or lack of minimum entitlements of households in society". It is the sustained inability of a household to meet its minimum basic needs and is a direct consequence of inequitable access to basic services, productive assets and economic opportunities. Poverty is not created by the poor themselves nor is it sustained by them. It has its roots in social and economic system which has very little or ineffective programmes to alleviate it. Poverty by its very nature, cannot be eliminated with ad-hoc measures, one must look for long term economic measures when addressing the problem.

It is argued that poverty is essentially a problem of market failure. Hence, the problem of eradicating poverty falls in the realm of public policy. But in a world, committed to the process of globalization, the role of the government is expected to shrink. Bangladesh is no exception. Its economy has increasingly become market oriented and dominated by the private sector by early 1990s compared to that in early 1970s when it was primarily a centrally controlled economy dominated by the public sector. Yet, the share of public expenditure in GDP, an indicator of the influence of the State in the overall economy, has in general been increasing. In other words, though direct intervention by the government and its share in the ownership of the means of production has decreased dramatically, the use of resources by the government has nonetheless increased. Thus, the government's ability to use resources according to non-market criteria has not been hindered by the adoption of market oriented economic policies. In fact, it is found that the share of expenditure that are expected to have favourable impact on poverty reduction has been going up while the overall share of public expenditure in GDP has also been rising since the early 1980s. That is, absolute expenditure on areas that favours reduction of poverty has been rising rapidly. However, empirical

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findings on the incidence of poverty do not indicate any substantial success in reducing poverty.

As in many developing countries, the experience of the central government in Bangladesh in using national resources effectively for development purposes has not been encouraging. It has become increasingly clear that the participation of the beneficiaries at various stages of project implementation is essential for ensuring that benefits of the poverty alleviating projects are reaped primarily by the target groups and are sustained. Community participation can be institutionalized through broadened community organizations. This is usually the missing link between the providers (the government) and the people, that is the delivery mechanisms and the beneficiaries. It is this institutional vacuum at the local level that primarily leads to the diversion of resources meant for the poor when it is delivered through the government agents controlled primarily from the centre as it cannot communicate with the unorganized poor. It is argued that local level bodies being closer to the people, are in a better position to foster participatory mode of development. Bangladesh has a long history of local level institutions. But the procedures through which decisions about fiscal rights and spending responsibilities of these institutions have been established meant that they were nothing more than an expanded arm of the central government. The recent trend is to elect the representatives at the local levels increasingly through direct elections. In other words, the vacuum in political leadership at the local level is being gradually filled up.

The development of the local government in this country brings in the concept of "devolution" vis-a-vis "deconcentration" of decision making power into sharp focus. Under a system of decentralization based on deconcentration, the central government retains the decision making powers, only some responsibilities for implementation of the central decisions are given to the local authorities. In contrast, under a system of decentralization that is based on devolution, it is the decision making power that is handed over to the local government institutions

y the central government. Devolution establishes reciprocal and mutually benefiting relationships between the central and the local governments implying that the local governments are not subordinate administrative units but exclusive authorities in their areas to be able to interact reciprocally with other units of the government in the political system of which they are an integral part (GOB, 1998, p. 142). The history of the development of local level institutions in Bangladesh reveals that there has been frequent changes in the tiers and importance of various levels of local level institutions in the overall system. Since independence of the country, changes in the government have been followed by changes in various aspects of the local level bodies. These changes included such fundamental aspects as the representative nature of the system. During different regimes, alternative levels of government were identified as the focal points of the system. Attaching such importance to any level of the government defeats the very purpose of having independent tiers of the government bodies. Changes in the functions and responsibilities at various levels along with powers to raise revenues were also enacted. All these changes were introduced by enacting laws in a very arbitrary manner. Very little, if any, justifications were ever provided for making such sweeping changes. As a result, no system was tried long enough to really test their merit and as such to take root in the country. Recently, the government has passed a bill to establish four tiers of local government institutions at the village, union, upazilla and zila levels. Each of the local levels would have well-defined functions and the office bearers would be elected directly. Thus, elected representatives would be able to address the problems of local leadership over time as they gain experience in running the affairs of the local bodies they are elected of. The experience in Bangladesh, however, shows that the local bodies in the past were assigned to carry out various functions and responsibilities. In reality, only a few basic functions were, in general, carried out due to paucity of manpower and, most importantly, finance. If the local authority does not have any fiscal independence, then there would be no point in having any kind of politically elected local authority. In such circumstances, by definition the elected

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representatives would have no effective power and the local bodies would remain as an extended arm of the central government.

Local governments, since their inception, have never been able to finance themselves from locally raised resources. The revenue generated by the local governments in Bangladesh is less than 3 per cent of total tax revenues compared to 20 per cent in India and 14 per cent in Sri Lanka (Pragassam, 1988). Union Parishads had to depend on government grants even when they were empowered to collect revenues from 14 items according to Basic Democracy Act, 1959. One survey showed that Union Parishads could collect taxes from 3 to 4 sources in 1976 though they could have raised taxes from 14 items (NILG, 1978). According to the survey, the Union Parishads became financially so weak after restricting their power to raise taxes from 20 to 6 (1976 Ordinance) in 1976 that they could not even meet the expenses on account of salaries of their employees. A sample survey (Siddiqui, 1991, p. 53) showed that the magnitude of taxes, lease money, tolls, fees etc. collected by the Upazila Parishads never exceeded 5 per cent of the total receipts of Upazila Parishads in any year since 1982-83, i.e., the year they were created. According to Saqui and Mokabber (1988), UZPs and UPs could hardly contribute to development activities from their own incomes. Thus it appears that the local bodies are overwhelmingly dependent on the central government for running their affairs.

If the local authority has no fiscal independence and no authority over the types and levels of local services to be delivered, then the local authorities would become simply an administrative arm of the central government financed by the central government and required to carry out the specific functions designated by the central government. It does not make any difference, in such circumstances, whether the local level officials are elected or not. On the other hand, absolute autonomy of the local bodies over their own tax and expenditure policies is also not feasible. For example, if both the central and the local authorities levy an income tax, both the total burden and the marginal rates would be

the outcome of their independent policies, and marginal tax rates of more than 100 per cent would become plausible. Thus, complete independence in revenue raising is also not a practical possibility, particularly in the case of unitary states (Wiseman, 1981). Thus, both the polar cases are not realistic solutions for functioning of autonomous local level institutions. In reality, there would be conflicting views regarding the revenue raising potential of the taxes the central government is willing to cede to local authorities, and the cost of delivering the services that the central government postulates that the local authorities should provide.

In fact, the procedures through which decisions about fiscal rights and spending responsibilities are established is crucial for establishing an appropriate relationship between the centre and the local bodies that is neither hierarchical nor totally independent but mutually reinforcing for effective utilization of national resources. In other words, a participatory mode of development would suggest that the representatives of the local bodies should have a say in such a decision making process. However, given the experience of local bodies in Bangladesh it is apparent that grants-in-aid will remain a part of the central/local financing arrangements for quite some time into the future. Then the important question would be how to determine the size of the grant to the local bodies.

The local bodies in Bangladesh are provided with a general grant based on certain criteria such as size of the population and per capita income. The expenditure pattern (i.e. the share of expenditure to different services) is also mostly fixed. Thus the general grant, as is provided to the local bodies in Bangladesh, augments resources for providing services as delineated by the central government. In this case, the local bodies neither have the autonomy to decide what services to generate nor do they have the resources to provide the services they would like to provide. The size of the grant is determined by some measures of need (for example, size of the population or per capita income) or fiscal capacity. On the other hand, grants can be

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made conditional whose purpose is to stimulate the local activities and provision of services which are considered desirable. Thus, expenditures which contribute towards reducing poverty would be encouraged. Hence, central government expenditures on social sector and anti-poverty programmes may be channeled through the local bodies on the condition that they would match such grants from the central government by expenditures from their own resources. This will stimulate expenditures in sectors which directly and/or indirectly contribute towards reducing poverty. The general grant provides local authorities with additional resources, but gives them autonomy in service provision within the general framework of their legal obligations, since qualification for grant does not depend upon the delivery of any specific service. Conditional grants, in contrast, take the form of a payment towards the cost of providing a particular local service. As a consequence unlike the general grant, conditional grants alter the opportunity costs of local authorities. For example, when the government provides a matching grant to the local body for providing a service (for example, education) then it acts as an incentive for the local bodies to spend more on that service either by reducing expenditures elsewhere, or by raising more revenues. Thus, not only more resources are made available for delivering the desirable services but the possibility of such resources being more effectively used is enhanced as it is implemented by local level institutions which have more intimate relationship with the local people.

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1. Methodology for Identification of Actual Revenue Expenditures According to Major Economic Sectors

ADP expenditures are available according to major economic sectors and under different ministries while revenue expenditures are available according to various heads within each ministry. In fact, the Implementation, Monitoring, Evaluation Department (IMED) of the Planning Commission publishes actual ADP expenditures according to major economic sectors and under various ministries by project in its Barshik Unnayan karmashuchi Bastabyaner Agragati Parjyalochona immediately after the end of each fiscal year (i.e. end of July). The budgetary figures for revenue expenditures according to major economic sectors corresponding to ADP sector classifications are recently available from the Budget Summary, Statement, published by the Ministry of Finance. But actual revenue expenditures are published with a lag of about two years by the Ministry of Finance in the Grants and Appropriation (Non-Development) under various heads for each ministry separately along with the budgetary figures for the current year. It is possible to locate expenditure heads under various ministries for revenue and ADP according to major economic sectors as published in ADP by using the detailed information available in the publications. Once sector classification for revenue is worked out by establishing correspondence between project names under different ministries given under ADP with that of major heads of the respective ministries under revenue expenditures it can be cross-checked with budgetary figures calculated for each sector from the information available in Grants and Appropriation (Non-Development) with that of sector-wise revenue expenditure (budget) published in the Budget Summary for the respective year. We followed this methodology to ensure that our identification of revenue heads to be included under major economic sectors corresponded with the categorization according to ADP. Appendix Table A.1 provides the necessary information for identification of major heads under revenue expenditure for classification according to economic sectors as categorized in ADP.

Annex Table A.1 : Guideline for Establishing Correspondence Between Economic Sectors Under ADP and Revenue Expenditures

<i>Name of Sector According to ADP</i>	<i>ADP Sub-Sector as well as Ministry, 1992-93</i>		<i>Revenue Sub-Sectors as well as Ministry, 1992-93</i>	
	<i>Ministry</i> (2)	<i>Sector/Sub-Sector</i> (3)	<i>Ministry</i> (4)	<i>Head Number</i> (5)
1. Agriculture				
	Ministry of Agriculture	a.(i) Crops	Ministry of Agriculture	118-3, 155, 174-2(h), 175-3(5)
	Statistics Division	(ii) Agricultural Census & Survey on Agricultural Input use		
	Ministry of Food	(iii) Construction & Maintenance of Food Godowns	Ministry of Food	118-27, 174-1, 175-3(24)
	Ministry of Forest & Environment	b. Forestry	Ministry of Forest & Environment	118-4, 158, 175-3(12)
	Ministry of Fisheries & Livestock	c. Fisheries d. Livestock	Ministry of Fisheries & Livestock	118-5, 156, 157, 175-3(6)
	Ministry of Commerce	Unification of PDU BTRE & MTC appointment a consultant	Ministry of Commerce	150(6)

Name of Sector According to ADP	ADP Sub-Sector as well as Ministry, 1992-93		Revenue Sub-Sectors as well as Ministry, 1992-93	
	Ministry	Sector/Sub-Sector	Ministry	Head Number
(1)	(2)	(3)	(4)	(5)
2. Rural Development & Institutions	Rural Development & Co-operatives Division	Bangladesh Rural Development Board & other Projects of R.D. & Co-operatives Division	Rural Development & Co-operatives Division	118-36, 152, 175-3(22)+4(9)
	Local Government Division	Infrastructure	Local Govt. Division	149, 175-2
	Ministry of Land	Self Reliant Ideal Villages for Rehabilitation of Rootless Landless Families, Land Administration Training Programme	Ministry of Land	109 All Excluding 3, 118-, 133-4
	Ministry of Finance	Profit Project on "Credit Programme for Small Farmers" Bangladesh Krishi Bank	Ministry of Finance	
	Special Affairs	Chittagong Hill Tract Development Board	Special Affairs	118-43, 175
3. Water Resources	Ministry of Relief & Rehabilitation	Institutionalization of Rural Maintenance Programme	Ministry of Relief Rehabilitation	145-1+2
	M/O Irrigation, Water Dev. & Flood Control	Bangladesh Water Development Board	M/O Irrigation, Water Development & Flood Control	118-6, 163, 175-3(7)
	M/O Agriculture	Bangladesh Agriculture Development Corporation: Deceptube-well, Barind Irrigated Development Project, National Minor Irrigation, Flood Action Plan, M/O Agriculture Proper.	Ministry of Agriculture	101-10
	IRD	Internal Resource Division:- New Tariff of Structure for Agricultural Equipment Import	IRD (Internal Resource Division)	
	M/O Planning	Survey of Bangladesh Strengthening the		

Annex Table A.1 (Contd.)

Name of Sector According to ADP	ADP Sub-Sector as well as Ministry, 1992-93		Revenue Sub-Sectors as well as Ministry, 1992-93	
	Ministry (2)	Sector/Sub-Sector (3)	Ministry (4)	Head Number (5)
4. Industries	M/O Power, oil & Mineral Resources	Hard rock Mining Project & Limestone Mine & Cement complex, (Petrobanga)		
	M/O Industries	Small & Cottage Industries, Technical Assistance Centre, Bangladesh Chemical Industries Corporation	M/O Industries	160 All Excluding 10, 174-2(a) 8(b), 118-175-
	M/O Commerce	IBA, Tariff Commission	M/O Commerce	150-7(3)
	M/O Textile	Handloom Board, Sericulture Board, Textile Mills	M/O Textile	118-3(17)
	M/O Finance	Bangladesh Bank, T.A. for Enterprises under UORAD	M/O Finance	
	M/O Jute	Jute Mills	M/O Jute	118-9, 174-2(a+c) 175-3(16)
	M/O Establishment	BG Press	M/O Establishment	131
5. Power	Prime Minister Office	BEPZA		
	M/O Power, Oil, Gas & Mineral Resources	Bangladesh Power Development Board, Rural Electrification Board, Bangladesh Atomic Energy Commission, DESA	Energy Division	113, 118-39, 174-(e), 164
6. Oil, Gas & Natural Resources	M/O Power, Oil, Gas & Mineral Resources	Bangladesh Oil, Gas & Mineral Corporation, Bangladesh Petroleum Corporation, Geological Survey of Bangladesh	Petroleum & Mineral Resources Division	133-6, 161

Annex Table A.1 (Contd.)

<i>Name of Sector According to ADP</i>	<i>ADP Sub-Sector as well as Ministry, 1992-93</i>		<i>Revenue Sub-Sectors as well as Ministry, 1992-93</i>	
	<i>Ministry</i> (2)	<i>Sector/Sub-Sector</i> (3)	<i>Ministry</i> (4)	<i>Head Number</i> (5)
7. Scientific & Technological Research				
	Ministry of Industry	Establishment & Strengthening of Bangladesh Standard & Testing Institute	Ministry of Industry	
		Establishment of Branch Office at BSTI at Khulna & Chittagong		
	Science & Technological Division	Science & Technological Division	Science & Technological Division	118-18, 147-4 (Excluding SPARSO & HBRI) 175-3(18)+4(8)
8. Transport	Ministry of Defence	Research & Development Project SPARSO	Ministry of Defence	147-4 (SPARSO only)
	M/O Communication	Bangladesh Railway	Railway Division	118-12, 169, 175
		Roads & High way, Jamuna Bridge	Roads & Road Transport Division	112, 118-11, 168
	Civil Aviation & Tourism	Civil Aviation Authority, Bangladesh Biman	Civil Aviation & Tourism	118-16, 175
	M/O Ports & Shipping & I.W.T.	Shipping & BIWTC	M/O Ports & Shipping & I.W.T.	118-13, 166, 174-(f), 175-3(10)
	Planning Commission	Integrated Transport Study & Transport Sector Study	Planning Commission	

Annex Table A.1 (Contd.)

Name of Sector According to ADP	ADP Sub-Sector as well as Ministry, 1992-93		Revenue Sub-Sectors as well as Ministry, 1992-93	
	Ministry (2)	Sector/Sub-Sector (3)	Ministry (4)	Head Number (5)
9. Communi- cation	M/O Post & Tele Communication	Bangladesh Telephone & Telephone Board	M/O Post & Telecommunication	118-14, 170, 171
	M/O Defence	Bangladesh Meteorology Department	M/O Defence	147-2, 175
10. Mass Communi- cation	Ministry of Information	Mass Media	Ministry of Information	118-34, 148, 175-3(11)+4(4)
11. Physical Planning Water Supply & Housing	M/O Works	Public Works Directorate, Housing & Settlement Directorate, Chittagong & Khulna Development Authority, Rajdhanī Ummayān Kartipakhaya, M/O works - Construction of Upazila	M/O works	118-40, 132, 147-4(HBRI), 175-3(8)+4(2) & 142
	M/O LGRD & Cooperatives	WASA, Directorate of Public Health Engineering, City Corporation, Local Govt. Engineering Bureau Rural Dev. & Co-operatives Division:- Reconstruction of Rural Housing in Flood & Cyclone affected Areas	Local Govt.	118-35, 133-3, 141, 175-1
	M/O Forest & Environment	Environment Pollution Control Directorate	M/O Forest & Environment	147-3
	M/O Establishment	Construction of a new Circuit House	M/O Establishment	121-6
	M/O Land	Construction of Union & Thana Land Office	M/O Land	109-4
	M/O Law & Justice	Extension of Bar Library, Bangladesh Supreme Court, Zila Judge Complex Building	M/O Law Justice	102, 11, 118-37, 175-3(4)

Annex Table A.1 (Contd.)

<i>Name of Sector According to ADP</i>	<i>ADP Sub-Sector as well as Ministry, 1992-93</i>		<i>Revenue Sub-Sectors as well as Ministry, 1992-93</i>	
	<i>Ministry</i> (2)	<i>Sector/Sub-Sector</i> (3)	<i>Ministry</i> (4)	<i>Head Number</i> (5)
(1)	M/O Home Affairs	Fire Service & Civil Defence, Police Directorate & M/O Home Affairs	M/O Home Affairs	118-33, 121-8, 123, 127, 175
	Planning Commission	Preparation of Multipurpose Cyclone Shelter		
	Civil Aviation & Tourism	Porjoton Corporation:- National Hotel & Tourism Training Institute		
	M/O Commerce	TCB Building		
	Ministry of Education	Primary Education, Secondary Higher Education, Technical Education, University Education, Own Project of M/O Education, Development of Curriculum & Text books at Primary & Secondary Level, Institutionalization of the Population Education in the Formal School System	M/O Education	118-17, 137 All Excluding 5(9) & 5(12), 175
12. Education and Religious Affairs	M/O Defence	Cadet College	M/O Defence	137-5(9) + 5(12)
	M/O Religious Affairs	Religious Affairs	M/O Religious Affairs	118-20, 144
	M/O Youth & Sports	Sports	M/O Youth & Sports	118-32, 175-3(24), 143(a)
	M/O Cultural Affairs	Culture	M/O Cultural Affairs	118-19, 143
13. Sports & Culture				

Name of Sector According to ADP	ADP Sub-Sector as well as Ministry, 1992-93		Revenue Sub-Sectors as well as Ministry, 1992-93	
	Ministry (2)	Sector/Sub-Sector (3)	Ministry (4)	Head Number (5)
14. Public Administration	M/O Establishment	Public Administration Training Centre, PMIS & Management Services, BCS Academy institutions Commonwealth Consultant for PACC, EDI-BPATC & Management Planning	M/O Establishment	101-9
	Planning Division	BIDS, Public Expenditure Planning & Programming system & strengthening Capability of Academy for Planning & Development, SSRC, IMED & Employment Policy unit	Planning Division	118-24, 153-4, 175-4(10)
	Statistics Division	F F works Evaluation, JGUAG Secretariat, IDATA Monitoring Project, ERD DAFABA of ERD, National Accounts Development and others BBI	Statistics Division	118-26, 153-2(2), 175-3(3)
	ERD		ERD	118-23, 153-1(Excluding Finance D(v) 175-3(4))
	M/O Commerce	Development of the Profession of Cost & Management Accounting, Training of Chartered Accounting, Strengthening of Insurance Education	M/O Commerce	118-8, 130, 174-2(9), 150 (Excluding 86(7-3), 175
	Ministry of Relief	VGD, Rural Housing Programme in Cyclone Devastation areas, Assistance to Relief Ministry, Rural Housing	M/O Relief	145 (3-8), 118-28
	M/O Defence	Computer facilities of Cypher Department	M/O Defence	121-3
	Finance Division	National Board of Revenue, Customs & Excise	Finance Division	153-1(1), 114, 115, 174-(i)&(j), 118
IME Division	IRD	Administration, & Finance Division	IRD	105, 106, 108, 110, 118-22, 153-3, 175-3(2)
	IME Division	IME Division	IME Division	118-25

Annex Table A.1 (Contd.)

Name of Sector According to ADP	ADP Sub-Sector as well as Ministry, 1992-93		Revenue Sub-Sectors as well as Ministry, 1992-93	
	Ministry (2)	Sector/Sub-Sector (3)	Ministry (4)	Head Number (5)
15. Health	M/O Health & Family Welfare	Health Wing	M/O Health & Family Welfare	118-30, 138-A, 175-3(21)
16. Family Welfare	M/O Health & Family Planning	Family Welfare Wing	M/O Health & Family Planning	138-8
	Rural Development Co-operatives	Population Planning through women's co-operatives & Rural Co-operatives in Family Welfare & Population Control		
	M/O Social Welfare	Use of Mother Health Centres for Population Activities		
	M/O Women Affairs	Women's Vocational Training Programme for Population Activities		
	Statistics Division	Population & Housing Census, Health Demographic Survey & Vital Registration		
	M/O Information	Population Planning Cell in Bangladesh Radio & Television		
17. Social Welfare, Women Affairs & Youth Development	M/O Social Welfare	Social Welfare	M/O Social Welfare	118-41, 146 All Excluding 2,3,4,5 (1) 5(2)
	M/O Women Affairs	Women Affairs	M/O Women Affairs	118-42, 146-(2+5(1) + 5(4), 175
	M/O Youth & Sports	Youth Development	M/O Youth & Sports	146-3
18. Labour & Manpower	M/O Labour & Employment	Labour & Manpower	M/O Labour & Employment	118-31, 151, 175-3(9)

Source: Columns (2) and (3) according to Barshik Ummayn Karmashuchi Bastobayoner Parjalochana, IMED, Columns (4) and (5) according to Demands for Grants and Appropriation (Non-Development) Ministry of Finance.

Annex Table A.2: Classification of Subsectors

Education in Revenue

Primary Education

- I. (1) Direction and Inspection
- (2) Government Primary Schools
- (3) Primary Training Institutes
- (4) Academy for National Primary Education
- (5) Thana Education Offices
- (6) Implementation & Monitoring cell for Compulsory Non-government Primary Education

Secondary and Higher Education

- (1) Direction and Inspection
- (2) Teachers Training College
- (3) Government Colleges
- (4) Government Secondary Schools
- (5) Government Madrasa
- (6) Commercial Institute
- (7) Direct Governments to Non-Government Educational Institutes
- (8) Bangladesh National Cadet Core & Grants to Cadet Colleges

Technical Education

- (1) Direction and Inspection
- (2) Technical Teachers Training College
- (3) Textile Institute
- (4) Institute of Leather Technology
- (5) Polytechnic Institutes
- (6) Graphic Art Institute
- (7) Institute of Ceramic & Glass
- (8) Vocational Training (Manpower)
- (9) Bangladesh Institute of Technology

University Education

- (1) University Grants Commission
- (2) Grants to Universities

M/O Education Own Project

- (1) Other Subsidiary Educational Services
- (2) National Academy For Educational Management
- (3) Bangladesh Bureau of Educational Information & Statistics
- (4) Bangladesh National Commission for UNESCO
- (5) Grants in Aid Contribution etc.

Annex Table A.2 (Contd.)

Education in ADP

Ministry of Education

Primary Education

- (1) Development of Primary Education
- (2) Flood Rehabilitation of Government Primary Schools and also EEC Assisted
- (3) ADB, IDA Assisted Rehabilitation of Government Primary Schools Damaged by Cyclone & Flood
- (4) Construction of Multipurpose Building to be used as school, Mosque, clinic & Shelter during Calamities under Saudi Government & IDB, EEC, GPEC, Italian Assistance etc.
- (5) Development of Registered Non-Government Primary Schools
- (6) Non-Formal Education
- (7) Mosque Based Mass Education

Secondary Education

- (1) Development of Secondary & Higher Secondary Education
- (2) Development & Repair of Selected Degree Colleges & Non-Government Colleges.
- (3) Rehabilitation of Madrasahs & Government Secondary School
- (4) Subsidised to Financially distressed Institutions as a result of Exemption of Tuition Fees to Female Students upto Class-VIII.
- (5) Development of Music College, Art & Craft College
- (6) Award of Internal Stipend for General Education
- (7) Development Commercial Institutes, Home Economics college & Cantonment Public Schools of Bangladesh.
- (8) Bangladesh National Cadet College
- (9) Award of Stipend for Secondary Schools

Technical Education

- (1) Establishment & Development of Polytechnic Institutes, Technical & Vocational Education, Bangladesh Glass & Ceramic Institute
- (2) Renovation and Introduction of Computer Compose in Graphic Arts Institute.

University Education

Development of Dhaka University, Rajshahi University, Chittagong University, Agriculture University, BUET, Jahangirnagar University, Islamic University, Khulna University, Shahjalala University of Science & Technology, National University of Bangladesh, Open University, etc.

Ministry of Education Own Project

- (1) Development of MIS of the Ministry of Education, National Academy for Educational Management, Bangladesh Scouting, Technological Language Laboratories, with Audio, Video etc.

Annex Table A.2 (Contd.)

Health in ADP

<u>Category</u>	<u>Names of Projects under Health Sector</u>
I. Primary Health Care:	<ol style="list-style-type: none"> (1) Expanded Programme on Immunisation. (2) Institute of Child and Mother at Dhaka. (3) Development of Drug Management at Upazilla Primary Health Care Level. (4) Control of Diarrhoeal Diseases. (5) Comprehensive Public Health Nutrition Programme. (6) Integrated Control Programme on Vector borne diseases. (7) Production & Distribution of ORS towards control of Diarrhoeal Diseases. (8) Family Health Education Programme. (9) Procurement of Mobile Emergency Hospital for Post cyclone and Tidalbone Emergency Medical Relief and Rehabilitation under French assistance. (10) Control Programme on Acute Respiratory Infection (Pilot Project). (11) Pilot Project for Development of Maternal & Neonatal Health care.
II. Secondary Health Care:	<ol style="list-style-type: none"> (1) Establishment of 18 Nurses Training Centres and running Crash Programme. (2) Establishment of an Institute of Cancer Research and Hospital Dhaka. (3) Development of Indigenous systems of Medicine in Bangladesh. (4) Expansion of I.V. Fluid Production unit and Production of Vaccine and Sera. (5) Establishment of Hospital & Medical Colleges. (6) Establishment of Upazila Health Complexes & Repair upazila & District Hospital. (7) Further Development of RIHD. (8) Reconstruction & modernization of Hospitals. (9) Pilot Project for control & Prevention of Rheumatic Fever & Rheumatic Heart Diseases. (10) Health & F.P. Services Project. (11) Further Development of IPGM&R. (12) Strengthening of I.V. Fluid Production Unit for Production of Blood Bags, Nutrition Fluids & Chemical reagents. (13) Management Information system for Health. (14) Prevention & control of Sexually transmitted diseases.

Annex Table A.2 (Contd.)

<u>Category</u>	<u>Names of Projects under Health Sector</u>
	(15) Operational & Management Training in different crucial specialities.
	(16) Development of Diabetic Hospital, T.B. and Leprosy Control Services.
	(17) Co-ordinated Nutrition Programme of the National Nutrition Council.
	(18) Construction of Dr. Shamsul Alam Khan Milan Auditorium.
	(19) Procurement of Medical Equipment and Ambulances.
	(20) Procurement of Equipment Spareparts and other Articles for Health & Institution.
	(21) Strengthening of IEDCR.
	(22) Control Programme on Acute Respiratory Infection.
	(23) Strengthening of Bangladesh Medical Research Council.
	(24) Modernisation & Reorganization of Existing Drug Testing Laboratory.
	(25) Strengthening of Nursing Education & Services.
III. Others (Primary):	(1) Development of Homeopathic System of Medicine in Bangladesh.
I. Primary Health Care:	(1) Strengthening of MCH Programme.
	(2) Family Planning Clinical Services Project.
	(3) Traditional Birth Attendants Training.
	(4) Warehousing and distribution system of the MCH & FP Programme.
	(5) Establishment of Union FWCs & Reconstruction of Rural Dispensaries.
	(6) Mohammadpur Fertility Services & Training Centre.
	(7) Community Participation in national FP-MCH activities.
	(8) Management Development Project for FP-MCH & PHC.
	(9) Health FP MCH Related Innovative Programme.
	(10) Strengthening MCH Training Institute, Azimpur & Sub-centre.
	(11) MCH Co-ordination cell.

Annex Table A.2 (Contd.)

Health in Revenue

<i>Sub-sector: Health</i>	<i>Heads under Ministry of Health</i>	<i>Sub-head under Ministry of Health</i>
1. Primary Health Care	1. Epidemics Disease Control	(a) Epidemic Control
		(b) Post Health Establishment (Sea & Air), Chittagong
		(c) Airport Health, Dhaka
		(d) Post Health, Chalna
2. Health Centres		(a) T.B. Centres (Clinic)
		(b) School Health Clinic
		(c) Central Skin & Social Hygiene Centre, Chittagong
		(d) Model Family Planning Clinic
3. Upazila Hospital & Dispensaries		(a) Upazila Dispensaries (Health) Complex & Rural Dispensaries
		(b) Upazila Health Offices
2. Secondary Health Care	1. Direction & Establishment	(a) Directorate General Health Services (Head Quarter)
		(b) Divisional & District Health Establishment
	2. Medical & Surgical requisites	
	3. Medical Colleges	All Medical Colleges
	4. Medical College Hospitals	All Medical College Hospitals
	5. District Hospitals	
6. Other Medical Schools & Colleges		Dental College, Tibbia College, Sylhet, Paramedical Institute, Medical Assistant Training School, College & Nursing, Institute of Mental Health & Research. T.B. Control & Training Institute

Annex Table A.4 (Contd.)

Annex Table A.2 (Contd.)		
Sub-sector: Health	Heads under Ministry of Health	Sub-head under Ministry of Health
2. Secondary Health Care	7. Specialized Hospitals and Institutes	(a) Shahid Suhrawardy Hospital
		(b) Institute of Post-Graduate Medicine and Research
		(c) Rehabilitation Institute and Hospital for disabled
		(d) Institute of Ophthalmology
		(e) Institute of Diseases of Chest and Hospital, Dhaka
		(f) Infections Diseases Hospital
		(g) Institute of Cardiovascular Diseases
		(h) National Institute of Preventive and Social Medicine
		(i) Institute of Public Health Nutrition
		(j) Institute of Public Health (Laboratory & Pasture)
		(k) Mental Hospital
		(l) 200 bedded Hospital, Narayanganj
		(m) Government Employees Hospital
		(n) Centre for Rehabilitation of Drug Addicts
		(o) Institute of Epidemiology Disease Control & Research
8. Others (Primary)		(a) T.B. Segregation Hospitals
		(b) Other T.B. Hospitals
		(c) Secretariat Hospital
		(d) National Health Library & Documentation Centre
		(e) Leprosy Hospital
		(f) Transport & Equipment Maintenance Organization
		(g) Drug Administration
		(h) Director, Nursing

Annex Table A.2 (Contd.)

<i>Sub-sector: Health</i>	<i>Heads under Ministry of Health</i>	<i>Sub-head under Ministry of Health</i>
2. Secondary Health Care	9. Grants-in-aid, Contribution, etc.	(a) Bangladesh Medical Research Council (b) Bangladesh Pharmacy Council (c) Dhaka National Medical Institute Hospital (d) College of Physician & Surgeons (e) Diabetic Association (f) Bangladesh Medical Council (g) Nursing Council (h) Children Hospital (i) Bangladesh Institute of Child Health (j) State Medical Faculty (k) Eye Hospital and Training Complex, Chittagong (l) Anti-Leprosy Scheme (m) Bangladesh Association for the Aged & Institute of Geriatric Medicine (n) International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR,B) (o) Dinajpur Diabetic Hospital (p) Other Grants
3. Other (Primary)	10. Works & Maintenance	(a) Board of Homeopathic Medicine (b) Board of Unani and Ayurvedic System of Medicine
4. Sector	1. Population Control	
a. Primary Health Care	1. Hospital & Dispensaries	
b. Family Planning	1. Direction & Establishment	

Annex Table B.1

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO.	NAME OF SECTOR (1)	ACTUAL 1994/95		
		REVENUE (2)	A.D.P. (3)	TOTAL (4)
1.	AGRICULTURE	305.74	639.20	944.94
2.	RURAL DEVELOPMENT	385.67	716.96	1102.63
3.	WATER RESOURCES	87.62	661.83	749.45
4.	INDUSTRIES	44.58	225.58	270.16
5.	POWER	11.86	1537.67	1549.53
6.	OIL, GAS & NATURAL RES.	3.60	277.90	281.50
7.	SC. & TECHNOLOGY	52.22	25.34	77.56
8.	TRANSPORT	262.12	2020.13	2282.25
9.	COMMUNICATION	0.74	452.74	453.48
10.	MASS COMMUNICATION	95.89	52.89	148.78
11.	PHYSICAL PLANNING	677.87	541.20	1219.07
12.	ED. & RELIGION AFFAIRS	1987.89	1512.95	3500.84
(A)	PRI. EDUCATION	(850.27)	(868.58)	(1718.85)
(B)	SEC. & h. & CADET	(836.46)	(530.18)	(1366.64)
(C)	TECH. EDUCATION	(41.48)	(17.96)	(59.44)
(D)	UNIV. EDUCATION	(153.30)	(72.94)	(226.24)
(E)	M/O EDU. (OWN) PROJ.	(90.10)	(7.83)	(97.93)
(F)	M/O RELIGION AFFAIRS	(16.28)	(15.46)	(31.74)
13.	SPORTS & CULTURE	23.06	61.59	84.65
14.	PUBLIC ADMIN.	1648.39	75.72	1724.11
15.	HEALTH	628.38	376.83	1005.21
16.	POPULATION CONTROL	41.00	476.31	517.31
17.	SOCIAL WELFARE	85.16	108.77	193.93
18.	LAB. & MANPOWER	22.21	11.12	33.33
19.	LUMP PROVISION/ NON-SEC. ALLOCATION	3953.95	527.44	4481.39
20.	UNEXPECTED EXP.	0	0	0
TOTAL		10317.95	10302.17	20620.12

Note: Sector identification according to Table A.1.

* (1 CRORE = 10 million)

Sources: Column (2) from Demands for Grants and Appropriations (Non-Development). Ministry of Finance, Government of Bangladesh.

Column (3) from Barshik Unnayan Karmashuchi agragati Parjyalochona, IMED, Ministry of Planning.

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1993/94		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	279.00	548.58	827.58
2. RURAL DEVELOPMENT	318.25	567.27	885.52
3. WATER RESOURCES	110.02	622.12	732.14
4. INDUSTRIES	49.51	259.90	309.41
5. POWER	11.71	1287.93	1299.64
6. OIL, GAS & NATURAL RES.	3.77	370.66	374.43
7. SC. & TECHNOLOGY	38.12	20.15	58.27
8. TRANSPORT	209.91	1641.92	1851.83
9. COMMUNICATION	58.95	536.49	595.44
10. MASS COMMUNICATION	100.35	26.90	127.25
11. PHYSICAL PLANNING	514.27	329.41	843.68
12. ED. & RELIGION AFFAIRS	1796.95	949.61	2746.56
(A) PRI. EDUCATION	(807.14)	(604.10)	(1411.24)
(B) SEC. & h. & CADET	(737.92)	(251.78)	(989.70)
(C) TECH. EDUCATION	(37.45)	(10.13)	(47.58)
(D) UNIV. EDUCATION	(143.40)	(72.32)	(215.72)
(E) M/O EDU. (OWN) PROJ.	(59.41)	(2.92)	(62.33)
(F) M/O RELIGION AFFAIRS	(11.63)	(8.36)	(19.99)
13. SPORTS & CULTURE	20.72	46.84	67.56
14. PUBLIC ADMIN.	1874.83	29.31	1904.14
15. HEALTH	603.40	283.98	887.38
(A) PRIMARY HEALTH CARE	(226.38)	(98.77)	(325.15)
(B) SECONDARY HEALTH CARE	(372.94)	(185.21)	(558.15)
(C) OTHERS.	(4.08)	(0)	(4.08)
16. POPULATION CONTROL	42.20	408.01	450.21
(A) PRIMARY HEALTH CARE	(5.06)	(113.35)	(118.41)
(B) POPU. CONTROL & FP.	(37.14)	(294.66)	(331.80)
17. SOCIAL WELFARE	83.00	53.10	136.10
18. LAB. & MANPOWER	20.81	6.68	27.49
19. LUMP PROVISION/ NON-SEC. ALLOCATION	3142.54	994.63	4137.17
20. UNEXPECTED EXP.	0	0	0
TOTAL	9278.31	8983.49	18261.80

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1992/93		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	269.71	419.30	689.01
2. RURAL DEVELOPMENT	213.91	381.85	595.76
3. WATER RESOURCES	97.85	724.62	822.47
4. INDUSTRIES	127.35	132.63	259.98
5. POWER	11.43	1109.95	1121.38
6. OIL, GAS & NATURAL RES.	3.31	490.72	494.03
7. SC. & TECHNOLOGY	33.26	9.53	42.79
8. TRANSPORT	207.42	1059.43	1266.85
9. COMMUNICATION	0.62	147.76	148.38
10. MASS COMMUNICATION	82.14	35.50	117.64
11. PHYSICAL PLANNING	564.21	263.89	828.10
12. ED. & RELIGION AFFAIRS	1654.40	536.53	2190.93
(A) PRI. EDUCATION	(745.02)	(351.45)	(1096.47)
(B) SEC. & h. & CADET	(660.10)	(119.76)	(779.86)
(C) TECH. EDUCATION	(37.00)	(9.11)	(46.11)
(D) UNIV. EDUCATION	(133.00)	(45.07)	(178.07)
(E) M/O EDU. (OWN) PROJ.	(66.16)	(5.79)	(71.95)
(F) M/O RELIGION AFFAIRS	(13.12)	(5.35)	(18.47)
13. SPORTS & CULTURE	28.44	26.10	54.54
14. PUBLIC ADMIN.	1168.45	58.94	1227.39
15. HEALTH	515.24	215.15	730.39
(A) PRIMARY HEALTH CARE	(211.80)	(50.95)	(262.75)
(B) SECONDARY HEALTH CARE	(300.78)	(162.10)	(462.88)
(C) OTHERS.	(2.66)	(2.10)	(4.76)
16. POPULATION CONTROL	37.74	288.41	326.15
(A) PRIMARY HEALTH CARE	(4.59)	(50.07)	(54.66)
(B) POPU. CONTROL & FP.	(33.15)	(238.34)	(271.49)
17. SOCIAL WELFARE	64.58	32.25	96.83
18. LAB. & MANPOWER	20.57	2.33	22.90
19. LUMP PROVISION/ NON-SEC. ALLOCATION	3496.33	620.18	4116.51
20. UNEXPECTED EXP.	0	0	0
TOTAL	8596.96	6555.07	15152.03

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE

SL. NO. NAME OF SECTOR	ACTUAL 1991/92		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	217.34	441.69	659.03
2. RURAL DEVELOPMENT	133.59	328.13	461.72
3. WATER RESOURCES	62.49	607.89	670.38
4. INDUSTRIES	149.51	389.31	538.82
5. POWER	11.23	1169.91	1181.14
6. OIL, GAS & NATURAL RES.	2.66	329.27	331.93
7. SC. & TECHNOLOGY	31.66	6.34	38.00
8. TRANSPORT	176.23	1044.89	1221.12
9. COMMUNICATION	0.47	164.52	164.99
10. MASS COMMUNICATION	59.91	18.71	78.62
11. PHYSICAL PLANNING	550.64	350.99	901.63
12. ED. & RELIGION AFFAIRS	1371.61	305.92	1677.53
(A) PRI. EDUCATION	(657.04)	(179.61)	(836.65)
(B) SEC. & h. & CADET	(502.57)	(19.96)	(522.53)
(C) TECH. EDUCATION	(31.34)	(24.13)	(55.47)
(D) UNIV. EDUCATION	(122.68)	(53.28)	(175.96)
(E) M/O EDU. (OWN) PROJ.	(47.20)	(22.32)	(69.52)
(F) M/O RELIGION AFFAIRS	(10.78)	(6.62)	(17.40)
13. SPORTS & CULTURE	16.66	15.66	32.32
14. PUBLIC ADMIN.	992.01	21.47	1013.48
15. HEALTH	405.56	143.73	549.29
(A) PRIMARY HEALTH CARE	(175.44)	(40.49)	(215.93)
(B) SECONDARY HEALTH CARE	(227.89)	(99.74)	(327.63)
(C) OTHERS.	(2.23)	(3.50)	(5.73)
16. POPULATION CONTROL	31.33	271.02	302.35
(A) PRIMARY HEALTH CARE	(3.64)	(63.48)	(67.12)
(B) POPU. CONTROL & FP.	(27.69)	(207.54)	(235.23)
17. SOCIAL WELFARE	55.08	29.51	84.59
18. LAB. & MANPOWER	16.09	2.90	18.99
19. LUMP PROVISION/ NON-SEC. ALLOCATION	3507.46	382.52	3889.98
20. UNEXPECTED EXP.	0	0	0
TOTAL	7791.53	6024.38	13815.91

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

S/NO. NAME OF SECTOR	ACTUAL 1990/91		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	214.28	326.02	540.30
2. RURAL DEVELOPMENT	151.19	225.71	376.90
3. WATER RESOURCES	55.22	710.31	765.53
4. INDUSTRIES	244.63	841.57	1086.20
5. POWER	6.84	552.99	559.83
6. OIL, GAS & NATURAL RES.	1.57	397.30	398.87
7. SC. & TECHNOLOGY	26.35	3.11	29.46
8. TRANSPORT	143.98	896.72	1040.70
9. COMMUNICATION	0.39	115.80	116.19
10. MASS COMMUNICATION	64.88	4.44	69.32
11. PHYSICAL PLANNING	429.04	250.87	679.91
12. ED. & RELIGION AFFAIRS	1175.93	178.51	1354.44
(A) PRI. EDUCATION	(526.85)	(89.51)	(616.36)
(B) SEC. & h. & CADET	(466.66)	(26.81)	(493.47)
(C) TECH. EDUCATION	(27.10)	(24.01)	(51.11)
(D) UNIV. EDUCATION	(103.01)	(28.00)	(131.01)
(E) M/O EDU. (OWN) PROJ.	(37.29)	(4.68)	(41.97)
(F) M/O RELIGION AFFAIRS	(15.02)	(5.50)	(20.52)
13. SPORTS & CULTURE	10.63	27.68	38.31
14. PUBLIC ADMIN.	1142.29	9.19	1151.48
15. HEALTH	368.02	153.93	521.95
(A) PRIMARY HEALTH CARE	(169.03)	(54.68)	(223.71)
(B) SECONDARY HEALTH CARE	(196.71)	(97.28)	(293.99)
(C) OTHERS.	(2.28)	(1.97)	(4.25)
16. POPULATION CONTROL	29.04	315.20	344.24
(A) PRIMARY HEALTH CARE	(3.34)	(112.18)	(115.52)
(B) POPU. CONTROL & FP.	(25.70)	(203.02)	(228.72)
17. SOCIAL WELFARE	53.61	31.42	85.03
18. LAB. & MANPOWER	14.61	4.76	19.37
19. LUMP PROVISION/ NON-SEC. ALLOCATION	3095.41	224.36	3319.77
20. UNEXPECTED EXP.	0	0	0
TOTAL	7227.91	5269.89	12497.80

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1989/90		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	272.72	339.25	611.97
2. RURAL DEVELOPMENT	141.62	178.83	320.45
3. WATER RESOURCES	59.74	990.70	1050.44
4. INDUSTRIES	134.03	579.72	713.75
5. POWER	6.90	815.16	822.06
6. OIL, GAS & NATURAL RES.	1.33	354.00	355.33
7. SC. & TECHNOLOGY	24.61	2.00	26.61
8. TRANSPORT	150.59	857.18	1007.77
9. COMMUNICATION	0.36	168.27	168.63
10. MASS COMMUNICATION	56.51	5.45	61.96
11. PHYSICAL PLANNING	496.89	369.52	866.41
12. ED. & RELIGION AFFAIRS	1092.16	241.93	1334.09
(A) PRI. EDUCATION	(489.74)	(154.17)	(643.91)
(B) SEC. & h. & CADET	(433.18)	(30.07)	(463.25)
(C) TECH. EDUCATION	(25.07)	(23.70)	(48.77)
(D) UNIV. EDUCATION	(90.42)	(24.19)	(114.61)
(E) M/O EDU. (OWN) PROJ.	(43.52)	(4.10)	(47.62)
(F) M/O RELIGION AFFAIRS	(10.23)	(5.70)	(15.93)
13. SPORTS & CULTURE	14.16	15.68	29.84
14. PUBLIC ADMIN.	692.81	13.92	706.73
15. HEALTH	332.37	102.49	434.86
16. POPULATION CONTROL	29.14	220.72	249.86
17. SOCIAL WELFARE	44.00	27.02	71.02
18. LAB. & MANPOWER	14.92	2.94	17.86
19. LUMP PROVISION/ NON-SEC. ALLOCATION	3070.97	430.35	3501.32
20. UNEXPECTED EXP.	0	0	0
TOTAL	6635.83	5715.13	12350.96

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1988/89		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	213.09	299.09	512.18
2. RURAL DEVELOPMENT	143.29	99.88	243.17
3. WATER RESOURCES	78.93	636.14	715.07
4. INDUSTRIES	49.49	579.28	628.76
5. POWER	6.70	804.20	810.90
6. OIL, GAS & NATURAL RES.	1.24	179.77	181.01
7. SC. & TECHNOLOGY	20.61	2.44	23.05
8. TRANSPORT	191.05	766.07	957.12
9. COMMUNICATION	0.34	167.41	167.75
10. MASS COMMUNICATION	55.62	7.68	63.30
11. PHYSICAL PLANNING	393.14	194.64	587.78
12. ED. & RELIGION AFFAIRS	930.20	214.26	144.55
(A) PRI. EDUCATION	(422.92)	(121.01)	(543.93)
(B) SEC. & h. & CADET	(371.77)	(42.31)	(414.08)
(C) TECH. EDUCATION	(22.36)	(28.19)	(50.55)
(D) UNIV. EDUCATION	(82.48)	(13.93)	(96.41)
(E) M/O EDU. (OWN) PROJ.	(22.05)	(5.10)	(27.15)
(F) M/O RELIGION AFFAIRS	(8.71)	(3.72)	(12.43)
13. SPORTS & CULTURE	12.15	15.56	27.71
14. PUBLIC ADMIN.	572.09	10.69	582.78
15. HEALTH	295.58	86.46	382.04
16. POPULATION CONTROL	26.23	171.91	198.14
17. SOCIAL WELFARE	27.55	36.62	64.17
18. LAB. & MANPOWER	13.16	2.85	16.01
19. LUMP PROVISION/ NON-SEC. ALLOCATION	3099.78	347.52	3447.30
20. UNEXPECTED EXP.	0	0	0
TOTAL	6130.32	4622.47	10752.79

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1987/88		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	174.92	263.40	438.32
2. RURAL DEVELOPMENT	122.37	91.19	213.56
3. WATER RESOURCES	47.87	449.73	497.60
4. INDUSTRIES	90.89	452.29	543.18
5. POWER	6.46	881.84	888.33
6. OIL, GAS & NATURAL RES.	1.16	224.31	225.47
7. SC. & TECHNOLOGY	12.32	4.83	17.15
8. TRANSPORT	155.85	505.93	661.78
9. COMMUNICATION	0.31	96.82	97.13
10. MASS COMMUNICATION	50.75	11.93	62.68
11. PHYSICAL PLANNING	376.50	196.94	573.44
12. ED. & RELIGION AFFAIRS	890.62	216.59	1107.21
(A) PRI. EDUCATION	(395.09)	(104.69)	(499.78)
(B) SEC. & h. & CADET	(374.91)	(42.41)	(417.32)
(C) TECH. EDUCATION	(21.33)	(43.70)	(65.03)
(D) UNIV. EDUCATION	(77.95)	(14.23)	(92.18)
(E) M/O EDU. (OWN) PROJ.	(12.78)	(5.31)	(18.09)
(F) M/O RELIGION AFFAIRS	(8.56)	(6.25)	(14.81)
13. SPORTS & CULTURE	11.24	29.76	41.00
14. PUBLIC ADMIN.	560.87	14.34	575.21
15. HEALTH	275.92	88.30	364.22
16. POPULATION CONTROL	23.90	143.78	167.68
17. SOCIAL WELFARE	28.10	14.62	42.72
18. LAB. & MANPOWER	12.60	2.62	15.22
19. LUMP PROVISION/ NON-SEC. ALLOCATION	1853.10	454.83	2307.93
20. UNEXPECTED EXP.	0	0	0
TOTAL	4695.78	4144.05	8839.83

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*.

Sl. NO. NAME OF SECTOR	ACTUAL 1986/87		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	132.01	196.94	328.95
2. RURAL DEVELOPMENT	129.09	108.46	237.58
3. WATER RESOURCES	46.34	460.58	506.92
4. INDUSTRIES	41.40	750.83	792.23
5. POWER	10.38	1168.16	1178.54
6. OIL, GAS & NATURAL RES.	1.05	220.81	221.86
7. SC. & TECHNOLOGY	16.21	8.13	24.34
8. TRANSPORT	89.63	470.60	560.23
9. COMMUNICATION	0.28	37.04	37.32
10. MASS COMMUNICATION	38.36	4.50	42.86
11. PHYSICAL PLANNING	301.13	183.13	484.26
12. ED. & RELIGION AFFAIRS	753.25	198.96	952.21
(A) PRI. EDUCATION	(292.24)	(89.70)	(381.94)
(B) SEC. & H. & CADET	(346.53)	(44.37)	(390.90)
(C) TECH. EDUCATION	(17.25)	(36.28)	(53.53)
(D) UNIV. EDUCATION	(73.11)	(16.02)	(89.13)
(E) M/O EDU. (OWN) PROJ.	(14.49)	(6.55)	(21.04)
(F) M/O RELIGION AFFAIRS	(9.63)	(6.04)	(15.67)
13. SPORTS & CULTURE	13.33	19.33	32.66
14. PUBLIC ADMIN.	480.92	13.86	494.78
15. HEALTH	227.95	76.16	304.11
16. POPULATION CONTROL	21.67	105.50	127.17
17. SOCIAL WELFARE	25.97	20.57	46.54
18. LAB. & MANPOWER	9.67	7.36	17.03
19. LUMP PROVISION/ NON-SEC. ALLOCATION	1621.64	388.14	2009.78
20. UNEXPECTED EXP.	0	0	0
TOTAL	3960.28	4439.09	8399.37

*(1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1985/86		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	97.17	217.16	314.33
2. RURAL DEVELOPMENT	42.99	99.81	142.80
3. WATER RESOURCES	37.30	413.40	450.70
4. INDUSTRIES	32.43	554.02	586.45
5. POWER	5.25	893.36	898.61
6. OIL, GAS & NATURAL RES.	1.13	256.36	257.49
7. SC. & TECHNOLOGY	12.09	8.52	20.61
8. TRANSPORT	48.17	292.46	340.63
9. COMMUNICATION	0.32	44.18	44.50
10. MASS COMMUNICATION	32.41	2.37	34.78
11. PHYSICAL PLANNING	294.99	136.81	431.80
12. ED. & RELIGION AFFAIRS	602.02	129.46	731.48
(A) PRI. EDUCATION	(276.88)	(65.58)	(342.46)
(B) SEC. & h. & CADET	(239.62)	(22.16)	(261.78)
(C) TECH. EDUCATION	(17.46)	(21.83)	(39.29)
(D) UNIV. EDUCATION	(62.54)	(11.82)	(74.36)
(E) M/O EDU. (OWN) PROJ.	(4.48)	(4.87)	(9.35)
(F) M/O RELIGION AFFAIRS	(1.04)	(3.20)	(4.24)
13. SPORTS & CULTURE	6.33	8.95	15.28
14. PUBLIC ADMIN.	603.29	13.76	617.05
15. HEALTH	182.85	78.11	260.96
16. POPULATION CONTROL	10.34	87.88	98.22
17. SOCIAL WELFARE	20.99	13.98	34.97
18. LAB. & MANPOWER	8.40	5.87	14.27
19. LUMP PROVISION/ NON-SEC. ALLOCATION	1647.48	172.99	1820.47
20. UNEXPECTED EXP.	0.04	0	0.04
TOTAL	3685.99	3429.45	7115.44

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1984/85		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	76.61	287.34	363.95
2. RURAL DEVELOPMENT	76.90	91.53	168.43
3. WATER RESOURCES	34.24	392.56	426.80
4. INDUSTRIES	24.08	241.07	265.15
5. POWER	5.33	564.88	570.21
6. OIL, GAS & NATURAL RES.	1.07	288.65	289.72
7. SC. & TECHNOLOGY	7.94	12.10	20.04
8. TRANSPORT	68.66	269.04	337.70
9. COMMUNICATION	0.19	70.73	70.92
10. MASS COMMUNICATION	21.83	7.26	29.09
11. PHYSICAL PLANNING	240.87	114.04	354.91
12. ED. & RELIGION AFFAIRS	446.76	126.13	572.89
(A) PRI. EDUCATION	(188.63)	(62.55)	(251.18)
(B) SEC. & h. & CADET	(192.80)	(29.96)	(222.76)
(C) TECH. EDUCATION	(12.34)	(13.33)	(25.67)
(D) UNIV. EDUCATION	(48.63)	(11.38)	(60.01)
(E) M/O EDU. (OWN) PROJ.	(4.36)	(4.87)	(9.23)
(F) M/O RELIGION AFFAIRS	0.00	(4.04)	(4.04)
13. SPORTS & CULTURE	10.27	12.60	22.87
14. PUBLIC ADMIN.	268.90	12.98	281.88
15. HEALTH	163.42	93.01	256.43]
16. POPULATION CONTROL	19.22	101.82	121.04
17. SOCIAL WELFARE	16.44	15.54	31.98
18. LAB. & MANPOWER	6.02	13.46	19.48
19. LUMP PROVISION/ NON-SEC. ALLOCATION	1083.21	454.28	1537.49
20. UNEXPECTED EXP.	0	0	0
TOTAL	2571.96	3169.02	5740.98

*(1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1983/84		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	64.31	471.41	535.72
2. RURAL DEVELOPMENT	45.57	73.60	119.17
3. WATER RESOURCES	19.71	389.33	409.04
4. INDUSTRIES	21.29	233.63	254.92
5. POWER	6.41	520.10	256.51
6. OIL, GAS & NATURAL RES.	40.84	160.43	201.27
7. SC. & TECHNOLOGY	0.35	16.53	16.88
8. TRANSPORT	77.83	244.81	322.64
9. COMMUNICATION	1.88	50.32	52.20
10. MASS COMMUNICATION	25.90	12.59	38.49
11. PHYSICAL PLANNING	295.69	163.57	459.26
12. ED. & RELIGION AFFAIRS	184.82	128.44	313.26
(A) PRI. EDUCATION	(112.06)	(61.43)	(173.49)
(B) SEC. & h. & CADET	(19.65)	(39.87)	(59.52)
(C) TECH. EDUCATION	(4.84)	(8.77)	(13.61)
(D) UNIV. EDUCATION	(40.60)	(11.23)	(51.83)
(E) M/O EDU. (OWN) PROJ.	(.58)	(4.81)	(5.39)
(F) M/O RELIGION AFFAIRS	(7.09)	(2.33)	(9.42)
13. SPORTS & CULTURE	4.94	11.49	16.43
14. PUBLIC ADMIN.	232.97	8.65	241.62
15. HEALTH	138.84	70.81	209.65
16. POPULATION CONTROL	14.84	85.66	100.50
17. SOCIAL WELFARE	15.04	14.18	29.22
18. LAB. & MANPOWER	6.32	24.24	30.56
19. LUMP PROVISION/ NON-SEC. ALLOCATION	771.25	321.59	1092.84
20. UNEXPECTED EXP.	2.37	0	2.37
TOTAL	1971.17	3001.38	4972.55

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

S/L NO. NAME OF SECTOR	ACTUAL 1982/83		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	42.44	415.36	457.80
2. RURAL DEVELOPMENT	28.49	103.88	132.37
3. WATER RESOURCES	26.07	318.91	344.98
4. INDUSTRIES	20.53	246.97	267.50
5. POWER	3.05	362.54	365.59
6. OIL, GAS & NATURAL RES.	0.74	187.67	188.41
7. SC. & TECHNOLOGY	1.85	28.48	30.33
8. TRANSPORT	108.84	394.70	503.54
9. COMMUNICATION	1.09	55.37	56.46
10. MASS COMMUNICATION	22.94	25.58	48.52
11. PHYSICAL PLANNING	94.30	129.96	224.26
12. ED. & RELIGION AFFAIRS	284.93	97.53	382.46
(A) PRI. EDUCATION	(145.36)	(48.01)	(193.37)
(B) SEC. & h. & CADET	(89.13)	(32.99)	(122.12)
(C) TECH. EDUCATION	(12.06)	(6.47)	(18.53)
(D) UNIV. EDUCATION	(36.46)	(6.61)	(43.07)
(E) M/O EDU. (OWN) PROJ.	(0.30)	(1.58)	(1.88)
(F) M/O RELIGION AFFAIRS	(1.62)	(1.87)	(3.49)
13. SPORTS & CULTURE	1.86	7.42	9.28
14. PUBLIC ADMIN.	210.09	7.68	217.77
15. HEALTH	93.18	73.89	167.07
16. POPULATION CONTROL	12.64	71.24	83.88
17. SOCIAL WELFARE	14.18	12.14	26.32
18. LAB. & MANPOWER	4.80	24.59	29.39
19. LUMP PROVISION/ NON-SEC. ALLOCATION	975.17	105.69	1080.86
20. UNEXPECTED EXP.	0	0	0
TOTAL	1947.19	2669.60	4616.79

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1981/82		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	36.14	314.47	350.61
2. RURAL DEVELOPMENT	29.83	99.95	129.78
3. WATER RESOURCES	16.79	368.90	385.69
4. INDUSTRIES	14.19	269.96	284.15
5. POWER	2.05	306.52	308.57
6. OIL, GAS & NATURAL RES.	0.70	173.60	174.30
7. SC. & TECHNOLOGY	1.85	31.31	33.16
8. TRANSPORT	94.21	370.29	464.50
9. COMMUNICATION	0.10	52.10	52.20
10. MASS COMMUNICATION	23.92	26.78	50.70
11. PHYSICAL PLANNING	147.63	146.47	294.10
12. ED. & RELIGION AFFAIRS	236.04	78.46	314.50
(A) PRI. EDUCATION	(98.64)	(27.32)	(125.96)
(B) SEC. & h. & CADET	(72.92)	(29.46)	(102.38)
(C) TECH. EDUCATION	(28.09)	(10.56)	(38.65)
(D) UNIV. EDUCATION	(35.00)	(8.43)	(43.43)
(E) M/O EDU. (OWN) PROJ.	(0.24)	(0.57)	(0.81)
(F) M/O RELIGION AFFAIRS	(1.15)	(2.12)	(3.27)
13. SPORTS & CULTURE	2.15	8.04	10.19
14. PUBLIC ADMIN.	170.40	7.60	178.00
15. HEALTH	80.03	69.22	149.25
16. POPULATION CONTROL	13.45	40.03	53.48
17. SOCIAL WELFARE	13.50	20.52	34.02
18. LAB. & MANPOWER	4.13	6.88	11.01
19. LUMP PROVISION/ NON-SEC. ALLOCATION	901.60	0	901.60
20. UNEXPECTED EXP.	0	0	0
TOTAL	1788.71	2391.14	4179.85

* (1 CRORE = 10 million)

Annex Table B.1 (Contd.)

Public Expenditure Disaggregated by Sector

TK. IN CRORE*

SL. NO. NAME OF SECTOR	ACTUAL 1980/81		
	REVENUE	A.D.P.	TOTAL
1. AGRICULTURE	31.12	282.31	313.43
2. RURAL DEVELOPMENT	27.14	98.10	125.24
3. WATER RESOURCES	14.81	408.89	423.70
4. INDUSTRIES	12.02	277.61	289.63
5. POWER	1.02	231.05	232.07
6. OIL, GAS & NATURAL RES.	0.67	120.28	120.95
7. SC. & TECHNOLOGY	2.85	24.61	27.46
8. TRANSPORT	89.11	465.87	554.98
9. COMMUNICATION	0.10	66.91	67.01
10. MASS COMMUNICATION	24.76	0.00	24.76
11. PHYSICAL PLANNING	140.19	155.90	296.09
12. ED. & RELIGION AFFAIRS	213.64	91.73	305.37
13. SPORTS & CULTURE	2.11	0.00	2.11
14. PUBLIC ADMIN.	160.12	5.29	165.41
15. HEALTH	68.07	61.15	129.22
16. POPULATION CONTROL	12.46	46.58	59.04
17. SOCIAL WELFARE	9.12	19.06	28.18
18. LAB. & MANPOWER	3.11	9.11	12.22
19. LUMP PROVISION/ NON-SEC. ALLOCATION	634.41	0	634.41
20. UNEXPECTED EXP.	0	0	0
TOTAL	1446.83	2364.45	3811.28

* (1 CRORE = 10 million)

Annex Table B.2

Public Expenditure

MILLION TAKA

<i>Year</i>	<i>Total Expenditure</i>	<i>Revenue Expenditure</i>	<i>Development Expenditure</i>	<i>Recurrent Expenditure</i>	<i>Capital Expenditure</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1975/76	14460	6360	8100	--	--
1976/77	17683	7693	9990	--	--
1977/78	21977	9407	12570	--	--
1978/79	25706	10876	14830	--	--
1979/80	33179	12359	20820	--	--
1980/81	38113	14468	23645	21037	17076
1981/82	41805	17894	23911	24921	16885
1982/83	46171	19472	26699	27784	18388
1983/84	49772	19712	30060	32299	17273
1984/85	57411	25730	31681	36145	21265
1985/86	71164	36870	34294	48007	23157
1986/87	83996	39605	44391	52969	31027
1987/88	88458	46958	41500	61068	27389
1988/89	107528	61303	46225	76608	30920
1989/90	123526	66358	57168	85687	37839
1990/91	124978	72279	52699	96062	33919
1991/92	138162	77915	60247	98193	39976
1992/93	151583	85971	65612	106018	45564
1993/94	182618	92783	89835	119972	61363
1994/95	214500	103000	111500	--	--

Source: Col. (3) is obtained from Budget Estimate, Ministry of Finance, Government of Bangladesh. column (4) from Implementation, Monitoring and Evaluation Department (IMED), Planning Commission, Government of Bangladesh. Column (2) is the sum of columns (3) and (4). Recurrent and non-recurrent expenditure in development expenditure (revised) are reported in the Demand for Grants and Appropriation (Development), Ministry of Finance Government of Bangladesh and that of revenue expenditure in Demand for Grants and Appropriations (Non-Development), Ministry of Finance Government of Bangladesh. The share of recurrent and non-recurrent expenditure in development and revenue expenditure as calculated from above are applied to columns 4 and 3 to estimate actual recurrent and non-recurrent (capital) expenditure under these heads. Finally, recurrent and non-recurrent (capital) expenditure under development and revenue expenditures are added to give total recurrent and capital expenditure reports in columns (5) and (6) respectively.

Annex Table B.3.1

Rural Income Distribution and the Distribution of the Gross Benefits from Government Expenditures on Rural Education: 1994

<i>Per capita income decile</i>	<i>Percent of income</i>	<i>Percent of benefits from public spending on primary education</i>	<i>Percent of benefits from public spending on secondary education</i>	<i>Percent of benefits from public spending on higher education</i>	<i>Percent of benefits from public spending on education (all types)</i>
1	1.94	9.53	3.04	0.76	6.87
2	3.25	9.89	3.04	0.76	7.00
3	4.11	9.35	5.12	3.03	7.34
4	5.64	9.89	7.02	3.03	8.71
5	6.05	9.53	7.97	6.81	8.49
6	6.91	10.06	10.06	4.54	8.18
7	9.50	10.43	13.09	13.64	11.31
8	12.63	10.43	15.75	18.94	13.27
9	17.38	10.62	17.08	19.70	13.41
10	32.59	10.27	17.83	28.79	15.42
Total	100.00	100.00	100.00	100.00	100.00

Note: Public spending on education considered here includes only current expenditures.

Source: Calculated from primary data generated by the 1994 survey of 62 villages of Analysis of Poverty Trend (APT) Project, BIDS.

Annex Table B.3.2

Transfers from the Public Primary and Secondary Education and Health systems and their Redistributive Impact on Rural Income: 1994

Decile	(Annual figure in Taka)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Per capita income	Per capita transfer through public primary and secondary education	Per capita transfer through public health	Per capita transfer through public education and health	(2) as % of (1)	(3) as % of (1)	(4) as % of (1)
1	1693.58	75.58	48.71	124.29	4.5	2.9	7.4
2	2911.38	78.39	33.51	111.90	2.7	1.2	3.9
3	3678.96	75.28	46.20	121.48	2.0	1.3	3.3
4	4457.10	80.50	13.87	94.37	1.8	0.3	2.1
5	5361.35	78.20	67.46	195.66	1.5	1.3	2.8
6	6352.07	83.42	30.75	114.17	1.3	0.5	1.8
7	7930.18	87.85	32.59	120.44	1.1	0.4	1.5
8	9986.57	89.26	25.97	115.23	0.9	0.3	1.2
9	14291.59	91.48	27.50	118.98	0.6	0.2	0.8
10	26915.58	89.06	51.66	140.72	0.3	0.2	0.5
All	8317.66	82.90	37.82	120.72	1.0	0.5	1.5

Note: Public health and education expenditures considered here include only current expenditures.

Source: Calculated from primary data generated by the 1994 survey of 62 villages of Analysis of Poverty Trend (APT) Project, BIDS.

Annex Table B.3.3
Transfers from the Public Educational and Health systems and their
Redistributive Impact on Rural Income: 1994

Decile	(Annual figure in Taka)						
	Per capita income	Per capita transfer through public education	Per capita transfer through public health	Per capita transfer through public education and health	(2) as % of (1)	(3) as % of (1)	(4) as % of (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1693.58	77.59	48.71	126.30	4.6	2.9	7.5
2	2911.38	80.43	33.51	113.94	2.8	1.2	4.0
3	3678.96	83.34	46.20	129.54	2.3	1.3	3.6
4	4457.10	87.65	13.87	101.52	2.0	0.3	2.3
5	5361.35	96.34	67.46	163.80	1.8	1.3	3.1
6	6352.07	95.92	30.75	126.67	1.5	0.5	2.0
7	7930.18	122.47	32.59	155.06	1.5	0.4	1.9
8	9986.57	134.18	25.97	160.15	1.3	0.3	1.6
9	14291.59	139.58	27.50	167.08	1.0	0.2	1.2
10	26915.58	158.42	51.66	210.08	0.6	0.2	0.8
All	8317.66	108.36	37.82	146.18	1.3	0.5	1.8

Note: Public health and education expenditures considered here include only current expenditures.

Source: Calculated from primary data generated by the 1994 survey of 62 villages of Analysis of Poverty Trend (APT) Project, BIDS.

* Includes public allocations for higher education

Annex Table B.3.4
Rural Income Distribution and the Distribution of the Benefits from
Government Expenditures on Rural Health: 1994

<i>Per capita income decile</i>	<i>Percent of income</i>	<i>Percent of benefits from public spending on rural health</i>	<i>(Annual figure in Taka)</i>
1	1.94		12.88
2	3.25		8.86
3	4.11		12.22
4	5.64		3.67
5	6.05		17.84
6	6.91		8.13
7	9.50		8.62
8	12.63		6.87
9	17.38		7.27
10	32.59		13.64
Total	100		100

Note: Public spending on health considered here includes only current expenditures.

Source: Calculated from primary data generated by the 1994 survey of 62 villages of Analysis of Poverty Trend (APT) Project, BIDS.

Annex Table B.3.5

**Public and Private Education Expenditure Incidence by Per Capita
Income Decile in Rural Bangladesh: 1994**

Decile	Per capita income (1)	Per capita private educational expenditure (2)	Per capita public educational expenditure* (3)	(2) as % of (1) (4)	(3) as % of (1) (5)	(3) as % of (2) (6)
1	1693.58	45.44	75.58	2.7	4.5	166.3
2	2911.38	38.81	78.39	1.3	2.7	202.0
3	3678.96	48.73	75.28	1.3	2.0	154.5
4	4457.10	67.33	80.50	1.5	1.8	119.6
5	5361.35	86.60	78.20	1.6	1.5	90.3
6	6352.07	94.54	83.42	1.5	1.3	88.2
7	7930.18	135.90	87.85	1.7	1.1	64.6
8	9986.57	241.92	89.26	2.4	0.9	36.9
9	14291.59	311.23	91.48	2.2	0.6	29.4
10	26915.58	404.23	89.06	1.5	0.3	22.0
All	8317.66	146.82	82.90	1.8	1.0	56.5

Note: * Public educational spending includes here only current expenditures on primary and secondary education.

Source: Calculated from primary data generated by the 1994 survey of 62 villages of Analysis of Poverty Trend (APT) Project, BIDS.

Annex Table B.3.6
Public and Private Health Expenditure Incidence by Per Capita
Income Decile in Rural Bangladesh: 1994

(Annual figure in Taka)

<i>Decile</i>	<i>Per Capita income</i>	<i>Per Capita private health expenditure</i>	<i>Per Capita public health expenditure</i>	<i>(2) as % of (1)</i>	<i>(3) as % of (1)</i>	<i>(3) as % of (2)</i>
	(1)	(2)	(3)	(4)	(5)	(6)
1	1693.58	173.50	48.71	10.2	2.9	28.0
2	2911.38	202.19	33.51	6.9	1.2	16.6
3	3678.96	208.29	46.20	5.7	1.3	22.2
4	4457.10	170.80	13.87	3.8	0.3	8.1
5	5361.35	187.40	67.46	3.5	1.3	36.0
6	6352.07	205.56	30.75	3.2	0.5	15.0
7	7930.18	194.14	32.59	2.4	0.4	16.8
8	9986.57	251.23	25.97	2.5	0.3	10.3
9	14291.59	297.74	27.50	2.1	0.2	9.2
10	26915.58	626.57	51.66	2.3	0.2	8.2
All	8317.66	251.11	37.82	3.0	0.5	15.1

Note : Public health spending includes only current expenditures.

Source: Calculated from Access, Performance and Delivery, ADT Data

Annex Table B.3.7

Average Consumption by Household Expenditure Groups: A Comparison between FFW Beneficiaries and Rural Distribution

<i>Monthly Household Expenditure Groups</i>	<i>FFW Beneficiary (1989)</i>		<i>Rural HES (1988/89)</i>	
	<i>% of household</i>	<i>Average monthly consumption</i>	<i>% of household</i>	<i>Average monthly consumption</i>
<750	33.16	548.85	5.05	572.89
750-999	24.45	834.87	7.73	883.98
1000-1249	15.78	1087.04	9.96	1127.22
1250-1499	11.05	1327.86	10.28	1370.47
1500-1999	9.94	1670.33	19.61	1739.97
2000-2499	2.18	2179.42	14.64	2240.83
2500-2999	1.23	2697.42	9.88	2728.57
3000+	1.76	4067.03	22.85	4882.69
Total	100.00	1042.93	100.00	2404.81

Source: Report of the Survey on Food for Work, 1989, BBS, July 1991 (for FFW data).

Annex Table B.3.8

Average Consumption by Household Expenditure Groups :
A Comparison between VGD Beneficiaries and Rural Distribution

Monthly Household Expenditure Groups	VGD Beneficiary (1989)		Rural HES (1988/89)	
	% of household	Average monthly consumption	% of household	Average monthly consumption
<750	66.53	470.00	5.05	572.89
750-999	19.18	812.98	7.73	883.98
1000-1249	7.16	1083.76	9.96	1127.22
1250-1499	4.11	1354.60	10.28	1370.47
1500-1999	2.13	1708.06	19.61	1739.97
2000-2499	0.32	2218.46	14.64	2240.83
2500-2999	0.20	2759.82	9.88	2728.57
3000+	0.37	3259.88	22.85	4882.69
Total	100.00	663.92	100.00	2404.81

Source: Report of the Survey on Vulnerable Group Development 1989, Bangladesh Bureau of Statistics, June 1992.

Annex Table B.3.11

**A Comparison of Determinants of Rural Household Income: Evidence
from BIDS Panel Survey, 1989/90 and 1994**

<i>Variables</i>	<i>All Households (1989/90)</i>		<i>All Households (1994)</i>	
	<i>Regression Coefficient</i>	<i>t-statistic</i>	<i>Regression Coefficient</i>	<i>t-statistic</i>
1. Land owned	0.257	20.0*	0.195	17.62*
2. Proportion of Cultivated Land under Tenancy	0.159	2.7*	-0.011	-0.20
3. Proportion of Cultivated land under Modern Variety	0.033	2.5**	0.141	2.94*
4. No. of Earning Members	0.460	11.15*	0.549	15.42*
5. Proportion of Female Earning Members	-0.586	-5.43*	-0.539	-6.17*
6. Proportion of Non-agricultural Earning Members	0.256	5.19*	0.507	11.78*
7. Households Heads with Education:				
Primary	0.073	1.28	0.143	3.25*
Secondary	0.080	1.47	0.220	4.16*
SSC and Higher	0.365	6.74*	0.477	7.24*
8. Households Receiving Remittances	0.041	0.69	0.040	0.56
9. Villages with Access to Electricity	0.272	5.40*	0.182	4.33*
10. Villages with Good Transport Facilities	0.110	2.48**	0.005	0.12
R ²	0.49		0.54	
No. of Observations	1112		1316	

Note: The 1989/90 results are adopted from Hossain and Sen (1992) *Significant at 1% level;
**Significant at 5% level.

Source: Sen (1997).

Annex Table B.3.12
Determinants of Consumption of the Poor and Non-Poor Households, 1994

<i>Variables</i>	<i>All Households</i>		<i>Poor Households</i>		<i>Non-poor Households</i>	
	<i>Regression Coefficient</i>	<i>t-statistic</i>	<i>Regression Coefficient</i>	<i>t-statistic</i>	<i>Regression Coefficient</i>	<i>t-statistic</i>
1. Land owned (acre)	0.100	12.00*	0.075	8.40*	0.095	6.56*
2. Proportion of Cultivated Land under Tenancy	0.039	0.94	0.046	1.06	-0.003	-0.05
3. Proportion of Cultivated Land under Modern Variety	-0.034	-0.99	0.007	0.19	-0.102	-1.91***
4. No. of Earning Members	0.364	14.28*	0.360	12.74*	0.452	11.33*
5. Proportion of Female Earning Members	-0.494	-0.00*	-0.50	-0.00*	-0.281	-2.38***
6. Proportion of Non-Agricultural Earning Members	0.206	6.69*	0.148	4.33*	0.208	4.28*
7. Non-land Agricultural Capital	0.042	8.27*	0.040	7.07*	0.040	5.05*
8. Non-agricultural Capital	0.020	5.78*	0.016	3.87*	0.011	2.09**
9. Household Heads with Primary Education	0.064	2.07**	0.023	0.68	0.078	1.52
10. Household Heads with Secondary Education	0.130	3.47*	0.054	1.20	0.065	1.21
11. Household Heads with High School Certificates	0.215	3.66*	0.183	2.19*	0.076	1.02
12. Household Heads with Higher Education	0.413	6.49*	0.053	0.45	0.308	4.47*
13. Villages with Electricity and Good Roads	0.194	6.28*	0.154	4.29*	0.148	3.29*
14. Villages with Good Roads and without Electricity	0.066	1.79***	0.033	0.83	0.048	0.83
R ²	0.53	-	0.49	-	0.50	-
F	109.00	-	57.76	-	36.47	-
No. of Observations	1316	-	817	-	499	-

Note: *Significant at 1% level; **significant at 5% level; and ***significant at 10% level.

The dependent variable is measured in logarithm of household consumption. The variables of land, workers and capital are measured in logarithmic forms.
The constant term is not reported.

Source: Sen (1997).



CIRDAP

The Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) is a regional, inter-governmental, autonomous institution, established in July 1979 at the initiative of the countries of the Asia-Pacific Region and the Food and Agriculture Organization (FAO) of the United Nations with support from several other UN bodies and donors. Its member countries include Afghanistan, Bangladesh (Host State), India, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam.

The main objectives of CIRDAP are to (i) assist national action; (ii) promote regional cooperation, and (iii) act as a servicing institution for its member countries for promotion of integrated rural development through research, action research, pilot project, training and information dissemination. Amelioration of rural poverty in the Asia-Pacific region has been the prime concern of CIRDAP. The Centre is committed to the WCARRD Follow-up programme. The programme priorities of CIRDAP are set under four areas of concern: (1) agrarian development; (2) institutional/infrastructural development; (3) resource development including human resource; and (4) employment.

Operating through designated Contact Ministries and Link Institutions in member countries, CIRDAP promotes technical cooperation among nations of the region. It plays a supplementary and reinforcing role in supporting and furthering the effectiveness of integrated rural development in the Asia-Pacific region.